

WATER SERVICE
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FRIDAY, JULY 8, 1964

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Column One
by **David Courtney**

Molotov in Geneva To Resume Talks

French Planes Strike To Delay Hanoi Siege

GENEVA, Thursday. — The Soviet Foreign Minister, Mr. Vyacheslav Molotov, arrived here by air today, the first of the leaders of the various delegations to return to resume high-level talks on a truce in Indo-China and a peace treaty in Korea.

In a statement at the airport on his arrival, Mr. Molotov said: "During the past period of over a fortnight, the representatives of the various delegations in place of the Ministers accomplished a considerable amount of work of considerable importance for attaining positive results at the conference."

Until the resumption of the conference of Foreign Ministers, it is hoped that a few days of quiet myself more concretely achieved."

Observers here say that Mr. Molotov arrived early so as to have the chance of a private meeting with the French Premier, Mr. Charles de Gaulle, before the latter's departure for Paris.

A French High Command communiqué stated that French forces killed 88 rebels in the new Hanoi-Haiphong defense line. Another 41 Vietnamese were killed in an ambush 18 kilometers south of Hanoi. The Hanoi-Haiphong road is threatened from the south by about 7,000 Vietnamese troops.

U.S. Will Veto China's Entry To Security Council

WASHINGTON, Thursday. — The Secretary of State, Mr. John Foster Dulles, today said that the U.S. would use its power of veto to keep the Chinese People's Republic out of the U.N. Security Council.

Asked if the U.S. was prepared to let the matter come to a vote in the General Assembly, Mr. Dulles said he could not predict that, but he could not say that the U.S. would not support the Chinese People's Republic if it were admitted to the Security Council.

Mr. Dulles was asked why he thought the U.S. could prevent the Chinese People's Republic from becoming a member of the Security Council. He said that the U.S. could prevent it by using its veto in the Security Council.

He also said that the U.S. would not support the Chinese People's Republic if it were admitted to the Security Council.

UK Accuses Yemen Of Fomenting Revolt

LONDON, Thursday. — Britain today charged the Yemen with "fomenting rebellion" in the Aden Protectorate, and accused the Yemen Government of "fomenting rebellion" in the Aden Protectorate.

A note handed today to the Yemen Charge d'Affaires in London, Mohammed Adnan, said that the British Government was "deeply concerned" by the "fomenting of rebellion" in the Aden Protectorate.

Mr. Adnan said that the British Government was "deeply concerned" by the "fomenting of rebellion" in the Aden Protectorate.

Jewish Claims On Austria Referred To Parliament

VIENNA, Thursday. — The Austrian Government today published a communiqué stating that the Jewish-Austrian negotiations on restitution had been suspended "after reaching positive results" and would be resumed in the middle of October.

However, earlier today, members of the Jewish Organizations' delegation stated that the negotiations were broken off when the Austrian Chancellor, Mr. Julius Raab, informed Mr. Moshe Shapira, the leader of the Jewish delegation, that his Government could not make any decision at the present time.

The Austrian communiqué said that the talks had raised a number of issues which had to be settled by Parliament, which would be reconvened until the autumn.

Johnston's Views 'Entirely Personal'

The statement made on Tuesday by Mr. Eric Johnston in Washington is to be regarded as reflecting his own personal views and not those of the Government of Israel, it was officially stated yesterday.

As the Prime Minister had not been asked to make a statement in the conversation with Mr. Johnston, the latter stated that his views were entirely personal.

As long as an agreement has not been reached on the main principles of the project, Mr. Johnston himself stated that no agreement has yet been reached. He said that the project was still in the early stages and that he was not in a position to make any statement on it.

Mr. Johnston said that he was not in a position to make any statement on the project.

Israel-Jordan MAC Meets on Sunday

The emergency Mixed Armistice Commission meeting to debate the Jerusalem incidents, Sunday. Both the Israeli and Jordan delegations have agreed to attend. General Ben-Gurion, the Israeli delegation, and General Haddadin, the Jordanian delegation, will be present.

The meeting was originally intended for today, but it was postponed to Sunday because of the Jewish Sabbath.

The meeting will be held at the UN Secretariat Building in New York.

Moroccan Governor Back to Fight Terror

RABAT, Thursday. — The French Resident General in Morocco, Mr. Francis Lacoste, returned today after top-level discussions in Paris with the Premier, Mr. Charles de Gaulle, and the Foreign Minister, Mr. Andre Mitterand.

Mr. Lacoste said that he was extremely satisfied with his talks in Paris.

He said that he was extremely satisfied with his talks in Paris.

Not Reformatory

The U.S. has not been set up as a reformatory, Mr. Dulles said today. He said that the U.S. was not a reformatory and that it was not a reformatory.

Mr. Dulles said that the U.S. was not a reformatory and that it was not a reformatory.

Junta Proclaims Castillo President

GUATEMALA CITY, Thursday. — Colonel Castillo Armas, the leader of the Guatemalan revolution, was today proclaimed president of the country by the military junta.

He had hitherto ranked second to the original leader of the revolution, Colonel Echeverria.

Yesterday, Colonel Castillo Armas fled to Honduras to escape the military junta.

U.S. Recognition

The military junta today asked the U.S. for full recognition of Guatemala. The U.S. is expected to give a favorable reply very soon.

Several Central American republics, but not Mexico, have recognized the new Government.

The junta today formally charged ex-President Jacobo Arbenz with complicity in the murder of the late President Castillo Armas.

Speedy Irrigation Of Negev Needed

TEL AVIV, Thursday. — Speedy irrigation of the Negev was indispensable, because the Negev alone possessed those vast areas of land on which planned agriculture on a large scale could be effected.

Mr. Ben-Gurion said that the Negev was a vast area of land on which planned agriculture on a large scale could be effected.

Denmark Cuts Arms Budget

COPENHAGEN, Thursday. — The Danish Government today announced a reduction in its arms budget by about 10%.

The cuts were necessary because of the economic position of the country.

The Danish Government said that the cuts were necessary because of the economic position of the country.

CHOU RECEIVES BRITISH ENVOY

LONDON, Thursday. — The Chinese Premier, Mr. Chou En-lai, today received the British Charge d'Affaires, Mr. Humphrey Trevelyan.

Mr. Trevelyan said that he was pleased to see Mr. Chou.

Mr. Chou said that he was pleased to see Mr. Trevelyan.

UK Not Ashamed To Take US Aid

LONDON, Thursday. — The Prime Minister, Sir Winston Churchill, today said that the U.K. was not ashamed to take U.S. aid.

He said that the U.K. was not ashamed to take U.S. aid.

Hussein Leaving For Europe on Sunday

King Hussein of Jordan will leave Amman today for his trip to Europe. He is expected to arrive in London on Sunday.

Mr. Hussein said that he was going to Europe to discuss the situation in the Middle East.

Unit Fired Upon From Gaza Strip

A command car carrying an Israeli unit patrolling the Gaza Strip was fired upon by Arab snipers today.

The unit was fired upon by Arab snipers today.

State's Deficit Is IL33m.

The Government's real expenditures in the financial year 1963-64 (Development and Ordinary) and the counterpart in the 1962-63 fiscal year by the Ministry of Finance, Mr. A. Neuman, said today.

Mr. Neuman said that the deficit was IL33m.

Churchill Delays Backing For People's China in UN

By GEORGE LICHTHEIM
JERUSALEM Post Correspondent
LONDON, Thursday. — The British Government today delayed its backing for the People's Republic of China in the U.N. Security Council.

Mr. Churchill said that the British Government was not ready to back the People's Republic of China in the U.N. Security Council.

Aguda Calls for Mass Immigration, End to National Service for Women

Jerusalem Post Reporter
A declaration calling for the mass immigration of all Jews to Israel, and the end of national service for women, was adopted by the Agudat Yisrael today.

The declaration was adopted by the Agudat Yisrael today.

MAP TO McDONNELL

A large map of Israel showing the sites of irrigation projects and the date of their implementation, was presented today to Mr. McDONNELL, the U.S. Ambassador in Tel Aviv.

Mr. McDONNELL said that he was pleased to see the map.

CONTROL COMMISSION

TEL AVIV, Thursday. — The Control Commission today held a meeting to discuss the report of the party's Control Commission.

The Control Commission said that the report was satisfactory.

Soviets Release Two Britons

MOSCOW, Thursday. — The Soviet authorities today released two British citizens who had been held in Russia since 1948.

The two British citizens were released today.

US Sends Protest On Czech 'Abduction'

WASHINGTON, Thursday. — The U.S. today sent a protest to the Czech Government over the "abduction" of a U.S. citizen in Czechoslovakia.

The U.S. said that the Czech Government was responsible for the abduction.

Nehru Opens World's Longest Canal

NEW DELHI, Thursday. — The Indian Prime Minister, Mr. Jawahar Lal Nehru, today opened the world's longest canal, the Indira Gandhi Canal.

Mr. Nehru said that the canal was the longest in the world.

Flotilla Greeted By Jews from Istanbul

Istanbul Jews greeted the small boat carrying the Jewish Agency's emissaries to Israel today.

The Jews from Istanbul said that they were glad to see the emissaries.

EXPULSED ENVOY LEAVES

MOSCOW, Thursday. — The U.S. Ambassador in Moscow, Mr. W. Averell Harriman, today left the city after being expelled from the Soviet Union.

Mr. Harriman said that he was leaving the Soviet Union.

Sear Govt. Resigns

SAARBRUECKEN, Thursday. — The Government of the Saar today resigned after the U.S. Government refused to support it.

The Government of the Saar said that it was resigning.

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Press Review :

ATA Increases Efficiency, Production

Assets Rise

By Our Jerusalem Staff

THE ATAs, completely detailed and built report of the Ata tea, the company (see pages 10 and 11) leaves little room for additional comment and again presents a picture of sustained progress. At the beginning of 1963 difficulties in getting raw cotton were still experienced (due to procrastination in allocations of foreign currency) and in March the spinning department had to stand partly idle, but since then conditions have improved and output has risen considerably. In the spinning department production, which was 777 tons in the first six months rose to 881 in the second half of the year, and in the weaving department it increased from 12m. standard square metres to 17m.

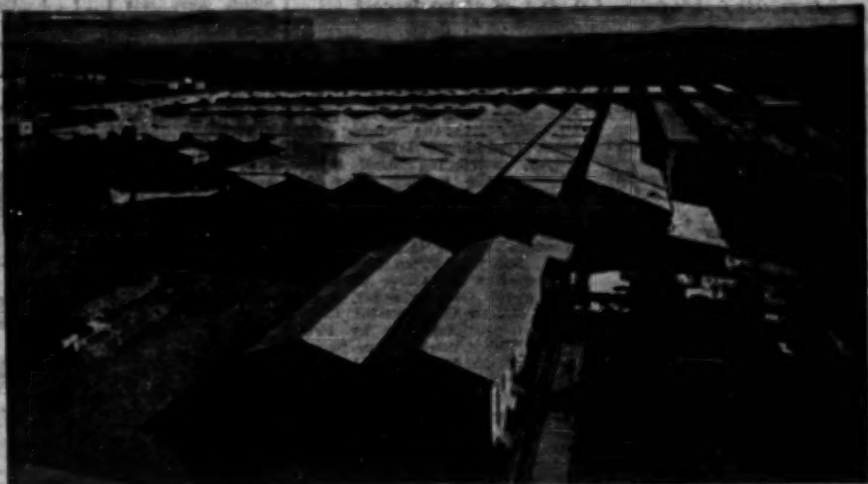
Compared with the 1962 figures, the 1963 output in spinning rose by 40 per cent, in weaving by 30 per cent. This last increase, however, was almost entirely due to the opening of the weaving department in the Kurdistan plant, which started production in May. Tailoring output, apparently advanced too, for turnover in this department rose by over 40 per cent, while prices of clothing have not risen substantially since last year.

Production per man-hour in the spinning department continued to advance (after a drop in 1962) and was over 10 per cent higher than in 1962, despite the parallel rise in the average cost of the yarn. In the weaving department average production per man-hour declined again, but the report states that this decrease was proportionate to the increase of the average cost as a result of the shift to finer types of fabrics.

Dutch Methods
The good results achieved by the efficiency drive, which started in 1962, have induced the company to take additional steps to rationalize production by applying scientifically established methods. A well-known firm of Dutch consultants was engaged to train the young engineers of the company, and though no immediate results were achieved in 1963, the foundations for further progress have been laid.

The total number of employees at the Ata works (including Kurdistan) rose to 1,488 (compared with 1,305 in 1962), of whom 800 were a drop of 48 from the previous year. Total hours worked (exclusive of administrative staff), however, rose by 35 per cent. A further reduction was achieved in the percentage of hours paid on account of leave, holidays and idle time (10 per cent of all hours paid, compared with 12.5 per cent in 1962). An interesting comment is made in the report on the rise of wages.

"As long as the agreement between the Histadrut leads to an automatic increase of the wages following every increase of the



The Ata plant in Kfar Ata around which a whole town has sprung up.

cost-of-living index, it is inevitable that the rewards for skill and efficiency are to be given to up-grade wages and increase production in line with the automatic increases."

The result of this, however, is that the actual hourly cost of labour is rising even more than the cost-of-living allowances necessitate. In 1963, for instance, the index rose by 70 per cent while wages (including premiums) advanced by 81-68 per cent in most Ata departments. In 1963 the index rose by 30 per cent and the cost of a working hour at Ata went up 27-29 per cent (28 per cent in the weaving department). This point is of particular importance in view of the fact that Prof. A. Lerner claims that even the habitual cost-of-living allowances at present tend to compensate most wage earners at a rate exceeding the rate of the increase of the cost-of-living.

Total 1963 net sales amounted to IL9.2m, as compared with IL8.5m in 1962, but exports increased more than three-fold and net proceeds abroad amounted to over \$1m, of which 90 per cent was added value. On the other hand, the report requires of Ata (apart from capital goods) amounted to \$1.8m, last year: with the help of the export proceeds and of revolving credits the company was able to cover a substantial part. Almost 90 per cent of the export (883,000) were fabrics, most of which went to Turkey (331,000) and Finland (324,000), while ready-made goods were sold mainly to Iceland and Sweden.

Business Satisfactory
Local sales against foreign currency accounted altogether for \$328,000 in the above figures. In 1964, the development of business is reported to be satisfactory "in respect both of turnover and current profits, notwithstanding the reduced purchasing power, for turnover was increased by the larger share of higher-quality goods. Sales to Turkey were stopped by the unexpected withholding of import licenses, but export to other markets, like Australia,

"developed beyond expectations" and led to orders expected for the first time mainly to Switzerland, Holland, and Norway. In the long run this diversification of the export outlets, and the acquisition of customers in hard currency markets, ought to be beneficial for the company.

Dyeing Plant Expanded

In the Kurdistan plant dyeing and finishing for clients also expanded (though its share in total production fell to 14 per cent) and the factory plans to start producing corduroy shortly.

The additional funds used by Ata during 1963, listed at IL1.1m, of which IL1.2m, were accounted for by the change of the rate of exchange from IL1 to IL1.8 per dollar; IL1m, by the increase of stocks and debtors' balances due to larger production and exports, and IL714,000 by capital expenditure. A

look at the consolidated balance sheet shows that while fixed assets (after depreciation) rose by IL400,000 (from IL1.4m. to IL1.8m.), capital and reserve increased by IL1m. (from IL1m. to IL2m., including IL1.2m. of Appreciation Reserve). On the other hand, current assets increased more than current liabilities (the relative sums at the end of 1963 were IL2.5m. and IL1.5m.). This was certainly a balance sheet to be proud of, prevailing in this country last year.

What's New

By DAVID BEN-AMOTZ

Peniless Millionaire

QUIET please, we're in a great hurry. The subject's bigger than the space. You know that story about the peasant who became a king? In our story a member of a kibbutz becomes king of plywood, masonite and cellulose. A penniless millionaire, to be sure—Mitya Krichman, a 35-year-old member of Atikha kibbutz, director of the Sefen factory for masonite and cellulose, the establishment of which cost two million hard dollars and two million soft pounds signed by Hooft and Barth.

Our story begins in the year '28-29, years before the White Paper and the invention of the moured buses, when the last malaria-beaten pioneers insisted on dancing the hora all night, when Arkosevitz worked in the factory, when Dimsenoff rode a horse, when you could buy 30 eggs for a shilling and the members of Atikha were still singing romantic Russian songs in the courtyard of the Kinneret colony.

On one of those wondrous days, Mitya Krichman came to the revolutionary conclusion that he could make a new packing case for 27 mills instead of paying 21 for a used kerosene crate. He bought wood, recruited a carpenter and the Jewish dan Valley kibbutzim with cases for packing farm products, then bought an electric saw for IL5 to put the scheme on an industrial basis and avoid competition. Business thrived and every one wanted cases. Mitya recruited another carpenter and said, "I don't mind hearing Russian songs, I want to see a lot of cases."

Started reading Russian literature on the packing of farm products, looked for a year's leave from the kibbutz, got IL5 and went to study in Europe. At the end of the year, he still had a pound left, so he went to Romania. Returned, continued studying Russian books until he heard about a sewing machine for packing cases. In '37 got IL50 from kibbutz and went to look for the machine. Found it in Italy, Austria, Denmark, finally heard of one in Germany. Reached into military zone, had a drink with factory owner and learned that the sewing machine could be purchased only in America.

With the IL5 he had left, Mitya went (no one knows how) to the States, saw the factory, sent telegrams to Kaplan, Ben Gurion and Verlinisky. Received IL5,000 and returned with the machine, but before he had unpacked it, the war had started and there was no more wood on the market. Went to Egypt and persuaded a British colonel to order cases from Atikha for packing petrol cans. Got a firm order for 6,000. Army liked the cases and ordered a quarter of a million.

The sewing machine began to boom. Mitya managed to get a doctor of a million pounds from banks and built a plywood factory, but the glue for the plywood wasn't any good. The kibbutz was angry. Mitya was about to leave. At the last moment, a Russian immigrant appeared with a new formula for glue. Mitya stayed and the factory has been going strong ever since.

Recently a mountain of shavings had piled up near the factory, so Mitya decided to do something with them. Went to the States again, talked to Ampal, returned to Israel, talked to the Jordan Valley settlements. Each side invested 50 per cent and a huge factory for masonite and cellulose was established. Now Mitya works 20 hours a day, forgets to eat and sleep, and when he has a spare minute he covers the factory floors. What do you think of the hero of our story? We're full of admiration.

We've heard several versions of this tale from several people and we decided to hear it from Mitya Krichman himself. A

hadn't yet returned from Tel Aviv, but Bertha, who is also the secretary of the factory, was willing to answer our questions. She was a bit suspicious of newspapermen.

"There was a 'Hador' man here," she said, "or Harim or something like that. He wrote that we were dancing the hora one night until someone broke a case. When Mitya saw the broken case, he was so angry, he shouted 'Bertha! and that's how he first thought of starting a factory. Nonsense!" We laughed politely and said we'd wait for Mitya. We walked over the porch and down next to a black and white dog whose hind leg was bandaged, lit a cigarette, looked at the snapshots and smooth green leaves in front of the house, smiled self-consciously at Bertha and waited.

In a little while Mitya arrived, looking just as he had been described to us, unshaven, very tired, red-eyed from lack of sleep, a Parker 51 in his pocket and a pine branch in his hand. He said hello to Bertha, told him that a dog had bitten Lennie in her hind leg and that a newspaperman wanted to see him. He sank, exhausted, into the chair before us and looked at us questioningly. We asked him to tell us his version of the success story. "At first there was nothing to tell," he said. "I heard how the Sefen factory had come about. 'Oh, what does it matter. The factory is here, and that's that.' We saw that we wouldn't get anywhere that way, so we asked him to tell us about the process of making masonite and cellulose."

"You chop the wood into pieces half the size of a matchstick," he said, "cook it at 180 degrees Centigrade and mash it to a pulp. Mix it with 90 per cent water and add sulphates to strengthen its resistance to humidity. Pass it through a machine that pulls out the silvers, squeeze out the water, dry it at 100 degrees, cut it into standard size sheets, and that's cellulose. To make masonite you

Canned Sun

Jerusalem Post Reporter

THE sun, with its generous beam of healthy glow for Israel's fruit and vegetables, is our greatest natural asset. Sanlakol Ltd., manufacturers of canned food exporter in the Haifa area, turn this asset into hard currency.

Canning is carried out at the plant to the tune of hundreds of tons monthly, and in the present tomato glut 1,200 to 1,400 cases of tomatoes are being processed daily for export to Britain and Scandinavia. Founded in 1949, the plant, equipped with modern machinery from the U.S. has in 1963, employed from 25 to 300 workers, depending on the season.

Working in close step with the great golden ripening of the factory came citrus juices and slices from January through March. It is then that most workers are needed, as the slicing is done by hand, April is the month for peas, June through August for tomatoes.

An expert department was established at the plant a year ago, and due to its efforts, half of all production is now sold abroad in the amount of \$10,000-\$15,000 monthly. Because the "added value" is very high, ranging from 80-90% (only sugar, some jam making pulp and tin have to be imported) the Government has realized the plant's great utility and is preferring every help.

Fruit Specialties
Besides the usual fruit which it exports (tomatoes and cucumbers) the company also sends out orange-banana salad, timed sugar melons and green almonds. Tomato juice for serdine canning has also been sent to Norway. To make a ton of concentrated tomato puree, seven tons of tomatoes are needed, and the surplus is used for cattle and chicken fodder.

The plant's products are carefully examined by bacteriologists, and the proof of Sanlakol's quality is in the repeat orders from lands not so friendly to relations with the sun.

pass the cellulose sheets through a high-frequency oven, press it with 110 atmospheres and at 200 degrees, and that's it. When the factory gets into full production, the difference between 120 men in three shifts. All the raw materials will be local — plywood, levers, oxyacetylene and citrus trees. We'll produce 15,000 square metres daily, which will take 70 to 80 tons of raw material. I'm dead tired. Bertha, what about some tea?"

"Please," we looked at Mitya and saw that his eyes were closing. We patted wounded Lennie on the head, took a yellow sweet, and tipped out quietly.

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Haifa Needs Capital, Not Labour Credit

By EMMET AVERBACH

WHEN the 1963/64 citrus picking season drew to an end, and the spectre of large unemployment loomed, the larger, Knesset debate produced the idea that it might be wise to replace the annual emergency projects, which create jobs but little else, by more productive forms of employment.

"Why not use Ministry of Labour funds now spent on relief projects," they asked, "and turn them over to credit co-operatives, who will with their aid be enabled to expand production and take on more workers? Attach strings to such credits binding the employers to keep the extra workers on their jobs for at least 12 months — and everything will be fine: the workers will be productively employed, the manufacturers will float toward higher outputs on newly-won liquidity, and the Ministry of Labour will serve itself the high administrative expense of acting as a large-scale employer. It may cost about IL2,500 to employ a man for a year on public works, and this sum should be deducted in the shape of credit to industrialists willing to take on new workers."

The idea found enthusiastic adherents, and imaginative manufacturers in credit co-operatives themselves queuing up for their share of the welcome windfall. The proposal soon blossomed into preparatory action. Teams of Histadrut and Manufacturers Association officials surveyed plants, questioned executives and noted figures of additional manpower needed.

In Tel Aviv, the survey revealed a professional need for 6,400 workers. At 250 days' employment per man a year, the labour market would be relieved to the extent of 1,600,000 work days, requiring credits of IL18m.

Haifa figures look puny beside the healthy appetite of Tel Aviv: Histadrut and Manufacturers Association officials, their minds undimmed by social enthusiasm and illiquidity, respectively, arrived at an employment volume of merely 500 men. At 250 days' work, the cash needed would be IL1,250,000. (Even allowing for the more intensive industrialization of the Tel Aviv area, the difference appears odd. But as this article is devoted to an examination of the "credits for employment" scheme, no explanation will be offered here for the discrepancy.)

How does this idea stand up to the economic realities? When an employer of 100 workers signs an undertaking that on receipt of IL50,000 he will engage another 20 men and keep them for a year, it will be understood — if the undertaking is to have any meaning at all — that he does not discharge any of his 100 men for one year. He could back out only by claiming "force majeure," or perhaps by "losing" his working to another employer at a

single. Purchasing power is shrinking, and the "labour return" as the new tax is awkwardly referred to, is unlikely to expand it. When, then, will the extra volume of industrial goods turned out by additional labour? It stands to reason that after a few months of sitting on his surplus stock the manufacturer may have to dispose of them at cut prices if he can sell them at all. He will be as short of cash as before, if not shorter, and he will be saddled with legally and morally undisciplined labour.

Employer's Leapfrogs

But if our employer is a witty man, he can do something to loosen the strings attached to Ministry of Labour credit. If he has 100 men in his plant and hopes to get such low-interest credits in a few months, he can prove to you that (a) right now raw materials are short or can be got only at inflated prices which he does not have; (b) there is no demand for his goods in sight; (c) he is cutting his production down to the bare minimum; and that therefore he must lay off 30 per cent of his labour force at once. This done, he will queue up next month for credit, and his plan need not necessarily be false.

But let us look at the proposed credit figure: IL2,500 a man per annum. This sum may be enough for an unskilled man, but not for a trained worker, what with social benefits, the forthcoming rise in cost-of-living allowances, etc. Boosting production involves more than merely a higher wage bill. Credits are needed for working capital, for raw materials for stocks, for credits to buyers for higher overheads. If allowance is made for those immediate needs, it may be found that IL2,500 will suffice to keep a man on his job for six months

rather than for 12. If an employer can expand production and thus provide more jobs, he should be able to go to the nearest bank and obtain such credit as he can prove to be legitimately needed. In the normal fashion, against legal interest, without any conditions not connected with the business in hand, if others are attached to credits for a normal economic function, where will they stop? Today the condition is employment guarantees. Tomorrow it will be payment of income tax arrears, contributions to drives in the public interest, sales through prescribed channels, or the wearing of top hats. The precedent looks unpromising.

The only qualification for official credits should be the importance of the enterprise for the national economy. The selective distribution of our limited resources should be controlled by a competent public body, whose members must have a clear conception of how essential a firm is. The Government needs an adequate staff to enforce discipline, and other institutions not only in form, but in fact, and the Controller needs an adequate staff to enforce discipline. The word was hardly let out that the Government might go into the credit business, when interested circles began to spread alarmist estimates of summer's unemployment figure, some as high as 40,000. Seen from Haifa, which has always had a hard core of unemployed, these estimates seem vastly and perhaps deliberately exaggerated in order to stampede the authorities into quick approval of the credit scheme, the problem aspects of which have received due attention in the stable business climate of Haifa. Bay-side industrialists see in the scheme no harm for their credit woes. Financial planning must be of a higher order than the channelling of employment funds to industries through the Ministry of Labour.

"KABRI" Textile Industry

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DEPARTURES: JULY 11 — JULY 17

FROM LYDDA AIRPORT

Date	Time	Company	Destination
SUN. 11	08:00	OTVIA AIR	Roma, Athens, Rome, London
MON. 12	08:00	EL AL	Roma, Milano, Paris, New York
TUE. 13	08:00	EL AL	Athens, Rome, Zurich, London, New York
WED. 14	08:00	EL AL	Nairobi, Johannesburg
THU. 15	08:00	EL AL	Istanbul, Vienna, Frankfurt
FRI. 16	08:00	EL AL	Athens, Zurich, Geneva, Rome, Paris, New York
SAT. 17	08:00	EL AL	Athens, Rome, Zurich, Paris, New York
SUN. 18	08:00	OTVIA AIR	Stockholm, Copenhagen, Rome, London
MON. 19	08:00	EL AL	Roma, Frankfurt, London
TUE. 20	08:00	EL AL	Athens, Zurich, Geneva, Rome, Paris, New York
WED. 21	08:00	EL AL	Athens, Zurich, Geneva, Rome, Paris, New York
THU. 22	08:00	EL AL	Athens, Zurich, Geneva, Rome, Paris, New York
FRI. 23	08:00	EL AL	Athens, Zurich, Geneva, Rome, Paris, New York
SAT. 24	08:00	EL AL	Athens, Zurich, Geneva, Rome, Paris, New York
SUN. 25	08:00	EL AL	Athens, Zurich, Geneva, Rome, Paris, New York

FROM HAIFA AIRPORT

WED. 14 OTVIA AIR Roma, Athens, Istanbul

FROM HAIFA PORT

JULY 11, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 12, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 13, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 14, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 15, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 16, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 17, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 18, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 19, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

JULY 20, 1964 C.A. NEUBAUER Genoa, Marseille, Athens, Rome, Paris, New York, London, Vienna, Zurich, Basel, Frankfurt, Cologne, Amsterdam, Rotterdam, Antwerp, Brussels, Luxembourg, Strasbourg, Nancy, Metz, Reims, Lille, Calais, Dover, Southampton, London, Plymouth, Bristol, Exeter, Cardiff, Swansea, Liverpool, Manchester, Glasgow, Edinburgh, Aberdeen, Belfast, Dublin, Cork, Galway, Belfast, Dublin, Cork, Galway

HAMLET IN FRANCE

By LINDSAY ANDERSON

An angry, dramatic sky threatens rain. Night is almost upon us. The looming tower, the terraced wall confront us, with two thousand people assembled by the courtyard of the Chateau de la Redoute (13th century) are waiting patiently for the day to die for "Hamlet" to begin.

Or rather, as it will be pronounced this evening, "Amle." The title, in its French pronunciation, assumes a forbidding in the English mind. Art, we all know, is international; but suspicion persists. "Hamlet" is ours; what tricks will these foreigners be up to? And the language? Odd phrase, odd syntax, the memory: "This bird of dawn singeth all night long." "I see a cherub that sees them." "There on the pendulous boughs her coronet wends clambering to hang." What will be left of "Hamlet" in an alien tongue, stripped of its proper, familiar music?

Floodlights wink on and off — the open-air equivalent of that monstrous rapping which announces every French theatrical performance — and fanfare sound from the tower. A cold blue light creeps over the scene. The French actor, dressed in a black figure on the battlements, Bernardo, "Qui est là?" "A toi de répondre," "Hamlet," by William Shakespeare, translated into French by Marcel Pagnol, produced by Serge Reggiani for Angers' third Festival of dramatic art, is on its way.

An Exciting Experience
And after all, it proves to be an exciting, a refreshing experience. Only one who knows his text well, the language is hardly disconcerting at all. The outstanding virtue of Pagnol's translation (which has never been played before) is its directness, its lucidity, its consistent sense of the dramatic.

Less strenuously poetic than most of his predecessors, warmer, more vital than Gide, the French actor, dressed in a black figure on the battlements, Bernardo, "Qui est là?" "A toi de répondre," "Hamlet," by William Shakespeare, translated into French by Marcel Pagnol, produced by Serge Reggiani for Angers' third Festival of dramatic art, is on its way.

The known music vanishes, of course; but for once the shock is salutary. In its new language, the lyric drama seems to reveal its contours afresh. This sense of revelation at Angers — of shape, of proportion — was emphasized by the producer's brilliant use of his huge setting.

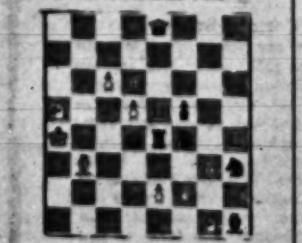
On the wide stage, a Gordon Craig vision came to life. The scenes were not blurred by superimposition; the lights dimmed on the battlements, first in the throne room nine metres below. Like some enormous, grim, doll-house, the Castle of Angers was a world in itself. It was better than CinemaScope. If Mr. Eliot had seen a production like this, he could never have written "The Waste Land." "C'est impossible," whispered an awe-struck Angers. "It n'y a pas de faillibilité."

Splendid Acting
The acting was splendid in its attack — a vigorous, sensual Claudius, a jealous Gertrude, an athletic Laertes, a sturdy Horatio, and an Ophelia (Dominique Blanchard) more poetic than any I have seen in French. And in spite of its austere concentration on the dramatic essentials, the production yet let slip no opportunity for the valid spectacular effect — a giant, luminous ghost, overpowering symbol of instinct — mad Ophelia, wandering crazily in darkness to the head of the huge staircase, her veil blowing furiously in the night wind — a magnificent final corpse, a black moth caught and pinned down at last, borne slowly up the stairway on the crossed lances of Fortinbras's captains. No theatre could hold such effects.

Was Hamlet himself a little diminished by this space? Perhaps. But Reggiani justified his audacity in combining his first attempt in production with his first attempt in translation. Underplayed on the frantic side.

Chess

PROBLEM No. 87
Dr. I. Berman, Rehovot
Specially Composed for
The Jerusalem Post



White to move. Find a win in two moves.

SOLUTION: Problem No. 84 (March): 1. Qxh7+ Kxh7 2. Qxh7+ Kxh7 3. Qxh7+ Kxh7 4. Qxh7+ Kxh7 5. Qxh7+ Kxh7 6. Qxh7+ Kxh7 7. Qxh7+ Kxh7 8. Qxh7+ Kxh7 9. Qxh7+ Kxh7 10. Qxh7+ Kxh7 11. Qxh7+ Kxh7 12. Qxh7+ Kxh7 13. Qxh7+ Kxh7 14. Qxh7+ Kxh7 15. Qxh7+ Kxh7 16. Qxh7+ Kxh7 17. Qxh7+ Kxh7 18. Qxh7+ Kxh7 19. Qxh7+ Kxh7 20. Qxh7+ Kxh7 21. Qxh7+ Kxh7 22. Qxh7+ Kxh7 23. Qxh7+ Kxh7 24. Qxh7+ Kxh7 25. Qxh7+ Kxh7 26. Qxh7+ Kxh7 27. Qxh7+ Kxh7 28. Qxh7+ Kxh7 29. Qxh7+ Kxh7 30. Qxh7+ Kxh7 31. Qxh7+ Kxh7 32. Qxh7+ Kxh7 33. Qxh7+ Kxh7 34. Qxh7+ Kxh7 35. Qxh7+ Kxh7 36. Qxh7+ Kxh7 37. Qxh7+ Kxh7 38. Qxh7+ Kxh7 39. Qxh7+ Kxh7 40. Qxh7+ Kxh7 41. Qxh7+ Kxh7 42. Qxh7+ Kxh7 43. Qxh7+ Kxh7 44. Qxh7+ Kxh7 45. Qxh7+ Kxh7 46. Qxh7+ Kxh7 47. Qxh7+ Kxh7 48. Qxh7+ Kxh7 49. Qxh7+ Kxh7 50. Qxh7+ Kxh7 51. Qxh7+ Kxh7 52. Qxh7+ Kxh7 53. Qxh7+ Kxh7 54. Qxh7+ Kxh7 55. Qxh7+ Kxh7 56. Qxh7+ Kxh7 57. Qxh7+ Kxh7 58. Qxh7+ Kxh7 59. Qxh7+ Kxh7 60. Qxh7+ Kxh7 61. Qxh7+ Kxh7 62. Qxh7+ Kxh7 63. Qxh7+ Kxh7 64. Qxh7+ Kxh7 65. 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HAIFA'S NEW PLAN

By EDWIN SAMUEL

HAIFA is the most city-like of all Israel's cities. It has a harbour, and railway yards, and distant smoking factory chimneys. It combines the hills of Jerusalem with the peace of Tel Aviv. Those who wish, can live on the slopes of Carmel or on its crest; or they can live on the broad streets of Acre Bay. It was Acre that was the Mistress of the North; but Haifa, sheltered by the mountains, surpassed it in population (14,000) even before World War I, and now it claims 170,000 inhabitants, second only to Tel Aviv-Jaffa. In another 10 years, by 1970, the natural increase of Haifa alone will bring its population up to 250,000. To this must be added a further 60,000 — the drift from the villages to the town and a share of however many new immigrants may reach our shores. The resultant total of 310,000 is twice what Haifa has today. By then, Israel's population will probably have reached two-and-a-half to three million, of which 10 to 15 per cent will live in and around Haifa, as compared with 25 per cent or so in and around Tel Aviv, as at present.

For the past two years, a special team has been doing research into the various aspects of the city's urban life on which a plan must be based — the ownership of land, the density of population, the condition of the buildings, the flow of traffic. From the data collected, it is now possible to define the drawbacks in the city's existing development and to prepare proposals for directing its future growth.

Population Distribution

Haifa's main problem is the present distribution of its population and its relation to the places where they work. At present, they are housed mainly in the centre of town (Kiryat) and in Hadar Hacarmel, with extensive slum areas in Wadi Nisnas and Wadi Salib, with suburbs in Haifa Bay and on Mt. Carmel. The aim of the new town plan is to consolidate the distribution of population in the areas adjacent to the centre of town, the Port, and the commercial and industrial districts, so as to reduce the inconvenience and the cost of travelling. At the same time, the new plan encourages the development of residential zones in areas where the climatic conditions are most suitable, while making best use of the natural beauty and amenities of the locality.

When the city reaches 350,000, it is estimated that the population will be concentrated in the five main areas more or less as follows:

Hadar Hacarmel (Kiryat Ha-Nevo)	12,000
Wadi Nisnas	12,000
Wadi Salib	12,000
Wadi Nisnas	12,000
Wadi Salib	12,000
Wadi Nisnas	12,000
Wadi Salib	12,000
Wadi Nisnas	12,000
Wadi Salib	12,000

Thus, one third of the population will be housed in Acre Bay, and two-thirds in the centre of town and on the slopes of Mt. Carmel. The greatest concentration will be in the centre and on the upper slopes of the Wadi Nisnas, where land is available for immediate development, the climate is pleasant, and the view of the Bay is magnificent. Most important, this area is close to the centre of town, the harbour, and the industrial district.

The new highway system of Haifa is divided into three main groups according to the func-

tion and importance of the roads. The first group are the trunk roads passing through the town, which are part of Israel's national and regional network. The second group are the town's main arteries, which connect the regional roads to the centre of town, and the latter to the residential and industrial districts. The third group are the main development roads within the residential and industrial district, from which minor development roads radiate.

Planning Considerations

The planners have taken the following principles into consideration:

- Separation of through and local traffic.
- Through roads, with buildings along them having access from a service road at their rear and not from the through road.
- The development of the wadis leading up to Mt. Carmel as parkways.
- Shortening the connection between the centre of town and other parts of the city.
- Suitable gradients for existing and proposed roads.

The proposed road net is shown on the sketch below:

The narrow strip of land between the foot of Mt. Carmel and the sea must take much arterial traffic coming up from the south to points beyond Haifa. The first, close to the sea, in place, this strip is taken up by the old Arab town, now destroyed in part; and was extended somewhat under the Mandate by the harbour reclamation scheme and the construction of Kingsway, now Ha'ar Ha'nevo. Even so, the main road round the point is not nearly wide enough for Haifa today, much less for the Haifa of tomorrow.

The town planners propose to solve the problem of through traffic by means of two arterial roads. The first, close to the sea, in place, this strip is taken up by the old Arab town, now destroyed in part; and was extended somewhat under the Mandate by the harbour reclamation scheme and the construction of Kingsway, now Ha'ar Ha'nevo. Even so, the main road round the point is not nearly wide enough for Haifa today, much less for the Haifa of tomorrow.

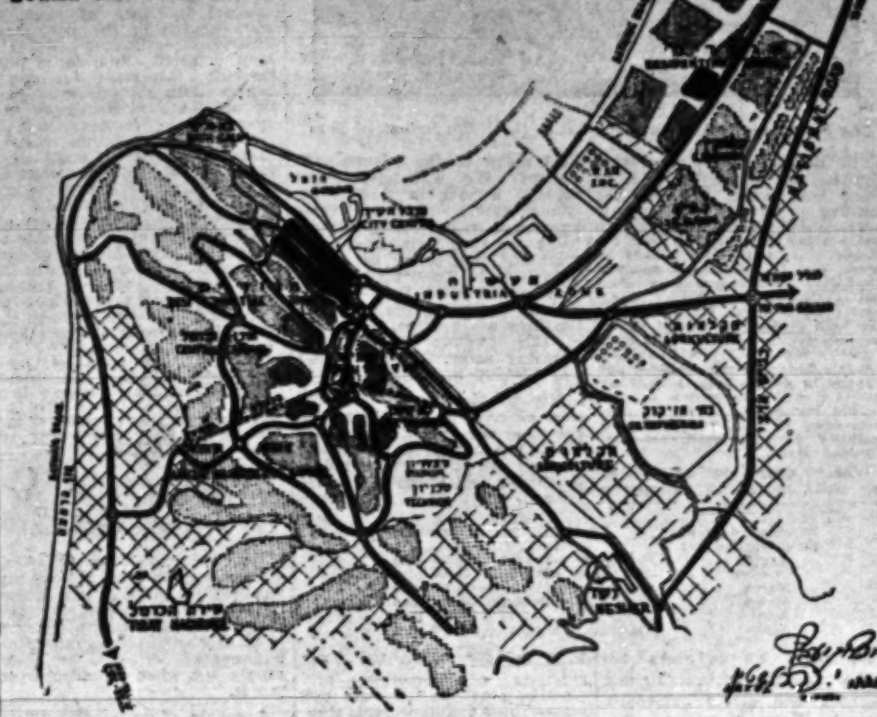
The tunnel will be connected with the centre of town by a parkway along the bed of Wadi Nisnas. Its slopes will be laid out as terraced gardens and parks within which the public buildings of the future will be built. Higher up on the slopes and on the crest of the hills surrounding the Wadi Nisnas, the new town plan will be developed.

Under the new town plan, Wadi Nisnas will thus become one of the central features of the town. Along its slopes a loop road will be built, rising along one side of the ravine to the crest of Mt. Carmel and descending along the other side. As the new Technion site and the new stadium are to be beyond the head of the Wadi Nisnas, there will be a great deal of traffic up and down it.

Carmel Projects

The Carmel plateau is deeply cloven by ravines radiating in all directions. It is on the wooded slopes between these ravines that many housing estates have been built, but they are so isolated from one another and from the lower town. Of all Israel's cities, Haifa is the most dispersed. This is a serious disadvantage so far as social life

HAIFA ZONING AND MAIN ROAD SYSTEM — SCHEMATICAL PLAN



is concerned — the organization of public meetings, for example. If a meeting is held on the Carmel, the people of the Kiryat will not come. If it is held in Bat Galim, the people of Neve Shaanan will not come.

Hence, another of the major items of the new Haifa town plan is a ring road all round the edge of the Carmel plateau to link up these housing estates. They form ideal "neighbourhoods" — the aim of every town planner. Each is separated from the next by a deep ravine, a natural green belt. Each neighbourhood will have a small shopping centre of its own and will be linked with the other parts of the town by the new outer ring road.

Shopping Centres

Shopping centres are important in every city. In the lower part of Haifa, two main commercial districts are to be provided — one to the south of the harbour, and the other at Hadar Hacarmel. But it is intended to close the main street of Hadar Hacarmel — Herzl Street — to through traffic and to keep it largely for pedestrians. The old city of Haifa — now a slum and half destroyed — is to be completely rebuilt, with tall blocks of office buildings well separated from each other by low shopping precincts, arcades and gardens — an architect's dream.

But Haifa is not only a trading and manufacturing city. It is already the administrative capital of the North; and it is now aiming — under the inspiration of its present Mayor — to become Israel's second cultural city. It already has a university college of its own — the Technion; it is now doing its best to build and equip museums and libraries and to encourage every kind of intellectual activity.

Many new parks have been laid out. This year the whole main street of the German Colony was planted with red roses on both sides. If there were only a few, they would be picked. But there were so many and they looked so magnificent that the city at large has begun to take great personal pride in them. Now, the whole of Haifa will be planted with rose trees; it will soon rival Portland, Oregon, in the United States, for its roses and its natural beauty.

Heavy Industries

If Tel Aviv is the city of light and modern industry, Haifa attracts heavy industry — the Refractories, the Neher cement works, the Kaiser-Fraser plant, the large factories of Fertilizers and Chemicals and many plants of the glass, iron, and building materials industries. It has two

industrial districts, separated by the airport in Acre Bay. But it is a strange fact that the industrial areas of Haifa are far too big for its present — or even its future — needs. Excluding the oil area, no less than 17,000 dunams of open land are at present reserved for industry in a city of 170,000 inhabitants. Even when it is double the size — 350,000 inhabitants — it will only need 8,000 dunams according to the most optimistic calculation. The remaining 12,000 will be available for agricultural and residential development.

For Minister's Approval

Plans for all this expansion are now with the Haifa Town Planning Commission. Later, they will be submitted for approval to the Minister of Interior. The plan is bold, Haifa has vision. It is a city with a future.

MAYOR'S WORD: INTEGRATION

Jerusalem Post Reporter

HAIFA is a new town with a cheerful maritime flavour of its own, and it is trying its best to cultivate its natural advantages of the wooded Carmel. As a Jewish town, it is newer than Tel Aviv, for it remained a collection of small Arab houses straggling up the hill long after Tel Aviv was beginning to grow.

The city's fortune has always been that, as surely as small business originally collected in Tel Aviv, chance took the big enterprises to Haifa. Even before the First World War, the Technion College went to Haifa. The cement plant found its raw material outside the city. Haifa became insecure, and Jewish shipping traffic went through Haifa; the big port was built in Haifa. The refineries had to be built in Haifa. Land became expensive near Tel Aviv, and any factory that needed space went to Haifa Bay. The Carmel provided tempting living conditions. Independence finally removed the brake that had been holding back Haifa's growth — insecurity.

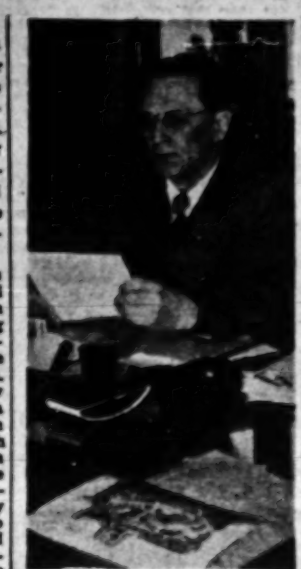
And today? Haifa is prosperous, or more prosperous than other places; size for size, it still produces more than any other town in Israel. And it has a new look, a pride in appearance, in cleanliness, in orderliness, that is not shared by any other town except, perhaps, Ramat Gan. It gets up early, polishes its windows, keeps its swanning out of sight, and is not afraid of being thought unimpressive if it cultivates its gardens.

Open Door

If you go to see the Mayor, Mr. Abba Khoushy, you find him sitting by an open door in his handsome Municipality building. As he talks he keeps glancing down the passage and into the main hall, keeping an eye on things. While I was there, he made an appointment by telephone for 7.30 the next day at his office — 7.30 in the morning. He asked, "What do you want to know?" I asked him what was the hardest job he was trying to do.

Housing is the worst problem in Haifa as in every other town in Israel, he said. The town needs 30,000 more rooms, and if it can build 1,500 new flats during the present year, with 2,500 rooms, it will be lucky. Where will he build them?

He went over to the window and pointed to the small fenced-in children's playground opposite the Municipality. "I started building the playgrounds because in the first month that I was Mayor two children ran under cars and were killed in the street I live in. Now I choose



Mayor Abba Khoushy at his desk.

The Mayor suddenly looked interested. "I'll tell you something. I won't build huge immigrant quarters where the new people will be just as much shot of from the old ones, the ones that were here before the State, as they are in the mabarot. There are five mabarot we hope to liquidate this year. But I'd like to put the new houses in small groups in between the existing quarters, make them part of the present city, of the people who have lived here longer. Half the town are newcomers. They are doing well enough in industry, but they must become part of the town or we may as well give up."

Playground Sites

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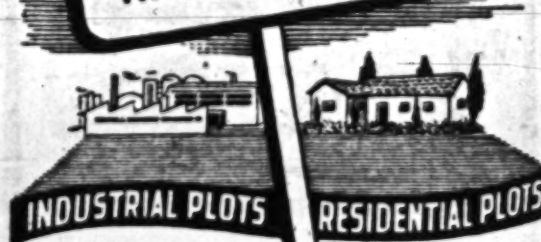
the sites carefully, on the borders of a "new" and an "old" area. This one got here because both Hadar Hacarmel and one of the poorest of the immigrant sections. The children learn to play with each other, and, if they sit there long enough, the mothers will learn to get along together as well. In the market they only quarrel. Here they have a common interest. It is almost as important as keeping children off dangerous streets.

Dramatics or Clubs

How did the town find the money for the 40 playgrounds the city has most of them with supervisors? "It's not a matter of money, but of finding the right people. The whole of the youth and sports budget is 12-15,000 a year, and that covers five clubs for neglected adolescents, and regular half-days at the beach for the underprivileged. I was told in America that educators now think that music is one of the best medicines for anti-social children likely to become criminals. I begged equipment for four orchestras — mouth-organs, brasses and drums — off people there, and for the last Independence Day we had 230 of them playing in the parade. If playing the big drum will keep just one of these boys from having to steal to show what a fine fellow he is, I don't mind how much noise they make. One of the clubs is just opposite the prison. The children like the club, and I think they will keep out of prison. And even from a taxpayer's point of view, the club is cheaper.

"The new people are often good workers, but they have no money, and they have started few work-shops. Perhaps if they feel that it is their town and that it gives them something, they will learn to care and add something to the town. I try to give them all something new, even if it is only gardens and clean streets and we try to plan for the future. I am here to hear all complaints. Everyone in this building is general and police. Perhaps we will have good citizens in the end. Haifa has every possible advantage. There is no reason why we should fail."

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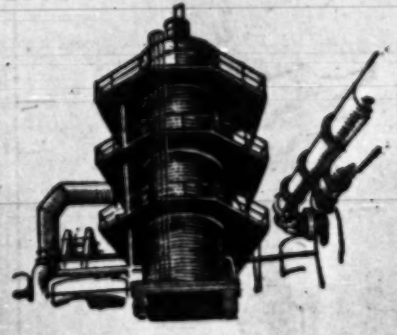
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Above: — Beach Zevulun in 1900.
At left: As it is today.
Photos: Muhlstock; Karen Haywood

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Emek Zevulun Historic Trade Site

MOUNT Carmel on the south-east, the Lower Galilee foothills to the east, the Acre-Safed Road to the north, and the Mediterranean on the west roughly block in the strip of land today known as Emek Zevulun. It has a rich black loamy soil with a wealth of variegated Mediterranean flora, a temperate climate, and an annual rainfall of 650 mm. The waters of Emek Zevulun and of Lower Galilee flow on through its territory to the sea by way of the Kishon and Na'aman Rivers.

Sir Lawrence Oliphant, who lived in Haifa from 1882-57, wrote that "throughout the whole length of the coast of Palestine, from Tyre to Gaza, only one deep indentation occurs. This is where it sweeps in a curve around the old fortress of St. Jean d'Acre, and terminates in the projecting precipice upon whose ledge the monastery of Carmel is situated. The bay thus formed is nine miles across from Acre to Carmel and about four miles broad."

Jonah's Prophecy

When Jacob the patriarch informed his sons of their respective destinies before his death he predicted, "Zevulun shall dwell at the haven of the sea, and he shall be for a haven of ships; and his border shall be unto Sidon." (Gen. XLIX, 13.) Accordingly, "the third lot came up for the child-

ren of Zevulun according to their families; and the border of their inheritance was unto Sidon" (Josh. XIX, 13.) When the tribe came north to take possession it found the allotted area settled by Phoenicians (Sidonians) and Canaanites, but the sons of Zevulun did not "drive out the inhabitants of Kitron nor the inhabitants of Nahaiol, but the Canaanites dwell among them, and they became tributaries." (Judges I, 30.) From their Phoenician neighbours the Zevulunites learned the art of seafaring and fishing; and those who took to neither of these occupations engaged in glass or dye manufacture.

Pilmy on Glass

According to a legend related by Flavius the Elder, it was on the coast of Israel that glass was first accidentally made. A group of merchants, Egypt-borne with a cargo of carnelians of soda, came to the Carmel, and decided to disembark until it blew over. Desires to preserve the small pieces of glass which they had found in vain along the sandy stretch for stones on which to support the ark, and with renewed vigour, they set upon the idea of using the lumps of soda for the purpose. To their surprise, they noticed that the intense heat had melted the soda which had mixed with the sand, producing a transparent material, clear and transparent.

An attempt to revive the manufacture of glass in more modern times was made in 1881 when a group of Zionists, led by the late Mr. Disanoff (founder and Mayor of Tel Aviv) took a cue from the past and set up a glass factory along the coast south of Haifa, at Tzfat. The enterprise failed for a variety of reasons, however, and the

project was dropped for several decades.

The Sages of the Talmud allude to Zevulun, in addition to their being manufacturers of glass, as collectors of conchiferous animals (Murex) known in Hebrew as hilazon, from which they extracted blue and purple dyes. The Arab name for one of the rivulets flowing from the Galilean hills to the Plain of Acre is Wadi Halazon; and the Crusaders called Haifa and its environs *Purpurea* (purple — purple).

Acre's Past

There is no mention of Haifa in the Bible; its name is first recorded towards the end of the first century B.C.E. But the history of Acre, at the northern end of this rough half-moon, is more than a half-century old. "The Gateway to the Holy Land" saw the influx of myriads of victors, friends and foes, during the course of centuries, and Napoleon Bonaparte's abortive attempt to take it by storm is still marked by Napoleon's Hill, in the vicinity of the town. The Sages decided that it was both within and without the Holy Land, and it is for this reason that the Jews of Acre have desisted from burying their dead within its confines.

Acre is reputed to have been one of the world's important ports in ancient times and has experienced numerous ups and downs in the course of its history. During the recent Temple Period, it was a centre of Hellenism, destroyed only to rise again and suffer a great decline under the Sassanians. As a part of the first rank it reached its peak again during the Crusades.

MEHAHEM HUEWITS

F AND C MAKES H₂SO₄

Fertilizers and Chemicals Exports Sulphuric Acid

Jerusalem Post Reporter

YOU may remember sulphuric acid from your school days. The chemistry teacher introduced it to the class as H₂SO₄, a colorless, oily liquid of aggressive disposition that clings to organic substances ever avid for water and generally worth meeting for compelling business reasons only. To complete the picture: the specific gravity is 1.84, it freezes at 10.5° Centigrade, boils at 338° and generates heat when brought into contact with water. If you have to mix the two, pour the acid slowly into the water. If you do it the other way round, you are courting trouble.

Its acid qualities notwithstanding, sulphuric acid is as indispensable to modern industrial processes as ink to office work. Such is its key position that a country's industrial potential is today measured by its output of H₂SO₄. The demand for it is recognized as "one of the most accurate and sensitive indications" of the economic state of a nation.

The following are some of the industries that require the substance of sulphuric acid at one stage or another: metallurgy, petroleum refining, the manufacture of inorganic fertilizers, leather, textiles, plastics,

paper and cellulose, paints and pigments, chemicals and pharmaceuticals, soap and glycerine, explosives, drying agents, dyes, disinfectants and detergents.

No wonder, therefore, that sulphuric acid production has been a major concern of industrial planners everywhere. Its shortage during World War II was one of the best-kept secrets that closed down war production. New facilities for turning out this key commodity in larger quantities are being built in the U.S., Britain, Germany, Hungary, East Germany, Russia and Italy. India has a plant and is putting up another. Egypt and Turkey are considering expanding existing capacity.

Sulphuric Acid Targets

One of the industrial objectives which the founders of Fertilizers & Chemicals Ltd., Haifa, had in view, was to meet the country's actual and future needs for sulphuric acid. There are several industries which cannot be established here as long as a steady and ample domestic supply of it is not assured, and the fertilizer industry, so important for the realization of our farm expansion programme, is perhaps the outstanding example.

Fertilizers and Chemicals began to build a small 11,700,000 plant (now known as No. 1) before the War of Liberation, and put it into production in June

1948. Its output per day of 30-35 tons of sulphuric acid from Taurus crude sulphur was to serve to produce potassium sulphate for the Dead Sea potash. War with the Arabs stopped the supply from the Kalia plant on the Dead Sea. There was no good road to Adom, and the sulphuric acid was used for the production of superphosphate from imported phosphates.

The scramble for sulphur following the outbreak of the Korean war, and the shortage of shipping space, made acid production in Haifa a hazardous and irregular business. The supply and shipping positions eased later on, but sulphur prices kept climbing (Texas sulphur is a virtual monopoly of the Mellon family). The output of Fertilizers & Chemicals and of the Haifa Refineries, the only other plant in the country making sulphuric acid, fell behind the growing demand, especially for the vast quantities of fertilizer. After new shareholders brought in additional capital in 1950, Fertilizers and Chemicals decided to build a new and bigger plant based on the use of pyrites available at relatively low cost and low freight charges from Cyprus, Turkey and Greece.

Pyrites is a fairly common mineral from sulphide—containing 45-50 per cent sulphur. When finely ground and roasted at approximately 900° Centigrade, the sulphur is driven off, and sulphur as a gas, the oxides as a solid residue which is a raw material for steel production. The sulphur gas, combined with oxygen, is then passed through Waste Heat Boilers, Electrostatic Precipitators cooling and washing towers, Mist Precipitators, a drying tower and a vanadium catalyst—a harsh treatment that largely accounts for the acid character of the final product.

Ordered in New York

With the help of a loan from the Export-Import Bank, a pyrites-burning type acid plant was ordered from the Chemical Construction Corporation, New York, one of the world's leading chemical plant builders for the past 30 years. Chemical Construction Corporation designed the plant and supervised building jointly with the engineers of Fertilizers and Chemicals which maintained an office in New York for a year. Steel structures, vessels, tanks, towers, gas piping, converters and many other sections of the plant were built by Fertilizers and Chemicals' own work force and those of such Haifa firms as Hayama, Solel Boneh, Fanta & Salpeter, Vulcan, P.E.C., Peled and Katschet.

Considering the inexperience of local technicians in building a plant of this type, its completion in 18 months is something unusual. The scheduled time for the building of a similar plant in Argentina was 24 months. The Haifa installation was ready in October 1953, and with a capacity of 30,000 tons a year, the sulphuric acid plant of Fertilizers and Chemicals is believed to be the largest of its kind between the Middle East and Japan. The cost of the plant including foreign exchange, construction work and preparation of the site was IL4,500,000.

This includes dollar payments at the rate of \$1 to IL1. The plant, designed for continuous operation, covers an area of 31 dunams in the Plain of Zerulim, behind Consolidated Refineries Ltd. Apart from the three American Chemical Construction Corporation engineers, foreign experts employed on the project included personnel of the British Cementation Co. Ltd., lead burners and bricklayers, all from Britain.

The training of supervisory staff and operators began in July, 1952. Fertilizers and Chemicals' engineers ran job instruction courses, followed by examinations, for unskilled men who are now employed as plant operators. Only 11 men are needed to work one shift at the new sulphuric acid plant.

Together with Plant No. 1, which remains in service, daily capacity is now 275 tons of sulphuric acid and about five tons of oleum. Oleum is a super-sulphuric acid, usually composed of a 70 per cent H₂SO₄ (for the chemically-minded: concentrated H₂SO₄ with about 22 per cent SO₃ dissolved in it). In Israel it is used mainly for the production of detergents.

The export of sulphuric acid has already begun. Several months ago Fertilizers and Chemicals signed a two-year barter agreement with a Turkish firm, swapping pyrites for 50,000 tons of acid. In 1954-55, materials to the tune of \$1m. will be exchanged. Inquiries for the acid are coming in from countries which have no plant of their own, or whose capacity is insufficient. Iron oxides, the residual pro-



The Fertilizers and Chemicals plant in the Haifa Industrial Zone.

duct derived from processing pyrites, will be sold abroad, or used here when facilities for turning it into steel are ready. There are signs, of course, of a boom in phosphates in the Near East. Haifa costs IL1.30 by truck, and IL1.5 by rail (including insurance) at Haifa (Ashdod). That brings transport charges up to 11 per cent of the total production cost of superphosphate. Only a rail link deep down into the Negev will provide an economic solution to the problem, and exports to Asia, where markets are immense, will only become a practical proposition when the line runs down to Eilat and when port facilities, however small, are constructed there.

What does self-sufficiency in, and export of, sulphuric acid mean to the country's finances? We will save about \$600,000 a year in foreign exchange as a result of the barter agreement with Turkey. Fertilizers and Chemicals have now increased production of superphosphate to 80,000 tons a year. This covers all domestic needs and no further imports of this fertilizer are necessary. Imports of this commodity cost the Treasury about \$450,000 in 1953 and \$750,000 in 1954.

Step by step, as the commission of new plants progresses, the need for importing chemical fertilizers and basic chemicals will be eliminated. This is Fertilizers and Chemicals' timetable:

Expected date of plant completion	Product	Quantity
August	Phosphoric sulphate	12,000 tons
October	Di-calcium phosphate	12,000 tons
March	Ammonia	14,000 tons
March	Ammonium sulphate	12,000 tons
April	Nitric acid	10,000 tons
June	Ammonium nitrate	8,000 tons

As these chemicals become available, agriculture and industry will derive immediate benefits. Farmers will be able to fertilize their fields with types and quantities best suited for maximum yield. A chemical "consumer" industry can be built up, for which the basic products of Fertilizers and Chemicals will be the main raw materials. At the present state of Israel's inventory of natural resources, a chemical industry seems to have by far the best chances of technical and financial success.

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Scope of New Electro-Chemical Plant

Salt Derivatives for Factory, Home and Farm

Jerusalem Post Reporter

SALT exploitation will jump 5 by 50 per cent early in 1955, when the modern plant of the Electrochemical Industries (Frutarom) Ltd. begins producing 1.5 tons of caustic soda and 5 tons of chlorine daily near Acre.

For salt is not only the substance you like to put on your egg or into your soup. It is also a primary raw material for a series of chemicals that a variety of industries require. Caustic soda, which is an industrial derivative of common salt, is used in the textile industry, oil refineries and the soap industry. Chlorine is particularly important for public health. Both chlorine and caustic soda are produced by the electrolysis of common salt.

A draft bill requiring restaurants and cafés to wash their dishes in a chlorine solution cannot become law because not enough of this commodity is produced here, and not enough foreign currency is available to import it. Tel Aviv residents will not be able to bathe at their seashore without risking their health until the supply of chlorine is plentiful enough to disinfect the sewers which now pollute the sea.

The plant will also supply chlorine derivatives, new insecticides, and products for plant and livestock protection. These play an essential part in agriculture and forestry and their consumption in-

creases yearly as farm expansion progresses. They will be sold to local industries and other consumers at prices which will compare favorably with the world market. Part will be exported in highly concentrated form.

Dr. J. Blumenthal, Director of Israel Quarries Ltd., who has helped establish a number of industries in this country, has strongly supported the project of setting up a factory producing caustic soda, chlorine and chlorine derivatives. He is the brother-in-law of the late President Weizmann, who himself was one of the founders of Palestine Frutarom 20 years ago. He induced the Pechiney group, France's largest chemical concern whose patents are licensed to industries throughout the world including the U.S.A., to participate in the new enterprise.

Royalties for "know-how" The factory of Electrochemical Industries will manufacture products for plant and livestock protection in accordance with the "know-how" of the Pechiney group, against payment of royalties. The plant will be erected under the supervision of French technicians, who recently set up similar industries in Argentina, Brazil and Spain.

The largest single cost item in the operations of the company is electric power. The Palestine Electric Corporation (a large consumer of chlorine) has agreed to a special tariff, in order to assist in

keeping the price of the products down to an internationally competitive level.

The Government's economic advisers have thoroughly studied the plan and approved it. They consider it advisable to double the manufacturing capacity of the factory, which they regard as a basic industry. Plans have been drawn up to allow an extension of the plant later on. According to a Government estimate three years ago, the annual needs of industries and other consumers then amounted to 3,000 tons of caustic soda (not including the Haifa Refineries, a major importer of this item) and 3,000 tons of chlorine.

Today consumption might be considerably higher. (The U.S.A. produced 24 million tons of each item in 1952 and new factories producing further quantities of chlorine and its derivatives have been set up during 1953). Our resources are well-nigh unlimited: salt is mined at Adom and extracted from the sea in Athlit.

The Government has granted a loan of up to \$400,000 out of the American Grant-in-Aid and the German Reparations Funds to the new enterprise. About the same amount has been invested by private industrialists from the U.S.A., France and Switzerland. Doubling the initially projected output of the plant would require an additional investment of \$500,000.

Father Science vs. Mother Nature

By ANITA ENGLE

EVER since I came to Israel the problem of storing my woollens away for the summer has been complicated by the problem of naphthalene. Either it is so expensive I can't afford to buy enough, or it is in short supply just when I remember to buy it.

A couple of years ago, when the problem was particularly acute, I was stopped by a street vendor who tried to persuade me to buy a package from him.

"This is the real stuff," he said. "Not mixed with salt like the naphthalene they sell in the shops."

"But how can I be sure?" I asked him.

"Madam," he said, "You have only to taste it."

You can imagine with what pleasure I tasted the morsel that Dr. Meron in Haifa Bay had invented a way of dealing with moths, without using naphthalene.

"It is too good to be true," I said. I told myself with the skepticism of an Israel housewife, "but if there is a man who realizes the need for such a thing, then it's worth going all the way to the Bay just to shake his hand."

Rat Poison

The factory did not look very imposing from outside. It was just a small building of two stories, and you could smell it a long way off. On the ground floor a worker stood over a vat, stirring a heap of very pretty pink grains. I recognized the grains and the smell — rat poison. So it was that Dr. Meron.

Dr. Meron was in his office upstairs. A pioneer insecticide expert in Israel, he is still a young man. He has had his finger on the pulse of the insect population of Israel since 1948, when he produced the first cockroach exterminator in the country, and he settled down to discuss the foibles of insects with as much gusto as you and I might put into discussing the private life of our favorite film star.

Whatever people may say about the sanity of Israel's human population, Dr. Meron can vouch for the fact that the insect population is quite normal. Israel's insects, like those of the rest of the world, soon develop an immunity against any artificial exterminator, no matter how powerful, and then something new has to be invented for them.

This was the cause of the biggest outbreak that caused such trouble in Israel two years ago. The bedbugs had become immune to DDT, and people living in wooden shacks in country districts were unable to control them. Dr. Meron went to work on the problem and

brought out a compound called "Rhemed" — which killed them off.

"But the bedbugs will become immune to this too," he said cheerfully. (He finds this immunity very exciting). "As soon as this happens we have to start experimenting again, until we find some new formula which is effective."

Pests Fight Back

What keeps Dr. Meron so alert is that he never knows what the pests are going to do next. When he first started out with his cockroach poison, he was met by the cockroaches. To Kiryat Bialik. Then for a couple of years no one in that area bought it any more. With "Rhemed" he overcame the pest-chasers had provided such a good coverage, that cockroaches gave Kiryat Bialik a clear berth until there grew up "a generation that knew no cockroaches."

Dr. Meron made a name for himself in Israel when he developed his treatment against the cattle ticks that spread a fever which menaced the cattle herds of the country in 1948. His spray now protects sheep, chickens and dogs as well.

But his real interest, it would seem, is the Israel housewife. Dr. Meron's ambition has always been to put something on the market which would immunize woollens against moths simply and quickly. Moths are among the greatest saboteurs of any country, regardless of political leanings. It has been

estimated that they do about \$10m. of damage every year in America.

Two years ago Dr. Meron invented a new painless (to the housewife) method of protecting woollens against moths, and last year he put it on the market. As far as he knows, the United States is the only other country using this type of moth resistance.

It is a liquid which, he claims, leaves no odour. A few drops of it in the last rinsing water will immunize the wool fibre for a year against moths, without affecting the quality of the wool in any way. No naphthalene is required, and the cost of the treatment is only about one-quarter the price of the best naphthalene.

"If that's true," I said, "then it sounds like good news for the housewife."

For Army Stores

"It is true," he replied, "and it's even better news for the Army. The average family has less than 100 lbs. of woollens to store. It can be taken care of by one bottle of my immunizer. The Army has a couple of tons of woollens alone."

But now that my problem had been solved — as I hope — I wasn't interested in moths anymore. Something else was pushing me.

If Nature works so hard just to protect insects, I said to Dr. Meron, "why doesn't she take care of us too?"

"She does," replied Dr. Meron.

U.S. Immigrant—Mr. Kleen

NEW Israel housewives have not heard of Mr. Kleen, but few know where the rotund little gent who "cleans better" resides. The Kadimah Chemical Corporation, just opposite the Fertilizers and Chemicals Ltd. plant in the Bay area, is certainly making no secret of the fact that its manufacturer, Mr. Kleen, as well as other industrial and domestic detergents in paste and powder form. Established in 1951, with \$200,000 from the U.S. firm now employs 20 workers and six researchers producing synthetic detergents for the process industries, concentrates for household detergent distributors, and ready-packed Kleen. Recently the firm started exporting 10 per cent of its produce to Finland. Orders have also come in from Turkey.

The Kadimah Corporation, managed by Dr. Herbert Bernstein and Mr. Harold Goldenberg, is now investing another \$250,000 of U.S. capital in an expansion project that will lead to the production of surface active products for industry, with an eye to the export market.

Established only three years ago, Kadimah has had to compete strongly in order to get a foothold in the local market. The Mr. Kleen publicity campaign is well known throughout the country. Asked to name some superlative about the plant, whether it was the newest, oldest, biggest, smallest or most modern in the Middle East, Dr. Bernstein, talking in the spirit of his advertisements, told our correspondent "it's the best."

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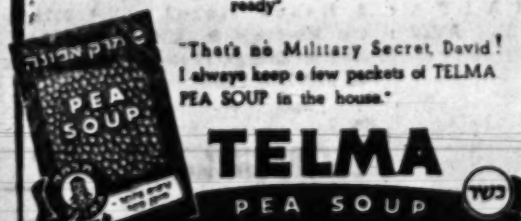
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"... The Corporation has been formed to afford an instrument through which American Jews and others who may be interested, may give material aid on a strictly business basis, to productive Palestinian enterprises and thereby further the economic development of the Holy Land and the resettlement of its Jewish population."

(P.E.C. Prospectus, 1960)

SINCE it was incorporated in the State of Maine, on January 18, 1959, the Palestine Economic Corporation has more than lived up to its understated aim "to make itself a useful factor." Haifa is one of the areas which the faith and foresight of American Jewish businessmen have continuously fructified ever since.

The earliest investment — and a very bold one at the time — was the purchase from absentee Lebanese landlords of 5,000 dunams of dull sand dunes and malarial swamps in Emek Zevulun through the BaySide Corporation, in 1955. The BaySide Corporation has since sold or leased about 2,000 dunams, and another 500 have been "frozen" by the Government for the Kibbutz Development Project.

Standard Factory Units

The Corporation deserves credit for introducing the "standard factory building," compounds of ready-made factory structures divided to suit individual tenants and leased to them on fair terms, without "key money."

These standard buildings have launched dozens of small enterprises into production without the need for major investments in building premises of their own. The fact that all six compounds constructed in the BaySide area since 1957 have been continuously leased, is proof of the soundness of the idea. Even those enterprises which go through economic slumps and other adversities, hold on to their space during periods of dormancy since the rent is reasonable and lower than in premises of any other type.

The P.E.C. has also gone into the housing business through the Palestine Housing Corporation, of which it owns 50 per cent. Since 1942, Palhouse has put up 350 dwelling units in Greater Haifa, including most of Kiryat Yam Alah and Beit, 3 ranks with Herat Shikun (of the Histadrut), Amidar, Rasme and Keret as one of the country's leading housing enterprises.

In the construction field, P.E.C. has a 50 per cent share in the Palestine Building Syndicate, which in Haifa has erected the Meir Building (housing Hamashbir Hamerkazi) and, opposite, the Levant Bonded Building.

An interesting novelty is the BaySide Construction Service. It provides advice and consultation on building problems to individuals and controls the work of the contractors. Between them, the four engineers of this Construction Service have 150 years of experience in the building line, and they are familiar with most of the tricks of the trade. Against a 15 per cent fee, they will place at the contractor's disposal their own experience.

Laundry, Save Those Shirts!

Jerusalem Post Reporter

PUNDITS joke that this country is, if nothing else, a wonderful place for drying laundry. But at the Jewish Laundry in the BaySide area, where 50 workers launder 45 tons of washing monthly, no laundry is put to dry in the sun, because the strong rays would soon ruin the damp cloth. Despite the beautiful weather, all washing is dried in machines just like those that are used in sun-starved and foggy Britain.

Established by two brothers, P. and R. Lowy in 1954, Judith uses three tons of soap and two tons of other cleaning materials monthly. In summer, the volume of laundry is 10 to 20 per cent higher than in winter, and to get it clean is a tough job. Besides, linen wears out faster here than in a European climate because of perspiration; and the wettest point is the shoulder blades, where the linen must get up with friction as well.

Mr. Lowy, who had been in the laundry business in Germany for 15 years before he came here, estimated that in general clothes are worn longer here before being washed and therefore are more soiled when they get to the laundry.

Judith is the biggest laundry in the North: washing is accepted in 50 branches from Galilee to Natanya. Besides its own dry cleaning and dyeing service, it also operates a linen service for hotels and restaurants, but it has had to shelve a plan for napkin service because of prohibitive overhead.

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Tilgum Keeps Your Feet Dry

Jerusalem Post Reporter

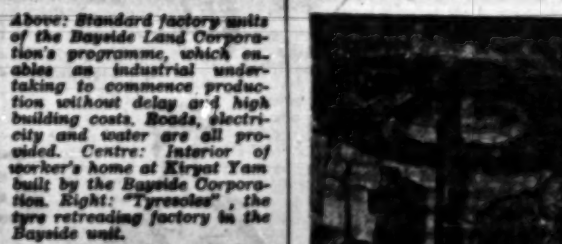
THE Tilgum company, founded in the BaySide area in 1944, specialized in rubber footwear till 1944, but now makes all kinds of sports and gym shoes, as well as some canvas and leather shoes with light rubber soles and plastic-cork inlays.

When the new State emerged in 1948, Tilgum began to concentrate on keeping its feet dry with the large-scale production of rubber boots, including highly varnished boots for ladies and children. In the company's laboratories, rubber varnish, made at the Zeva factory, is specially treated by Tilgum's own secret process to make it highly pliable for hard use.

70,000 Boots

The production of rubber boots totaled 70,000 pairs last year. This included heavy-duty work boots, mainly for agriculture. Even tough kibbutzniks now wear the company's varnished boots, as they are strong and more resistant. The quality of Tilgum boots at least equals that of most foreign makes, and the company is now negotiating a possibility of exporting boots to Iran. This would be a welcome source of foreign currency, required to cover 15 per cent of the cost of the boots.

Various other rubber products are also made by Tilgum, which has ordered machinery for the manufacture of gloves for the coming winter. The company employs 130 workers during the season, and 80 during the rest of the year.



Above: Standard factory units of the BaySide Land Corporation's programme, which enables an industrial undertaking to commence production without delay at a high building cost. Roads, electricity and water are all provided. Centre: Interior of worker's home at Kiryat Yam built by the BaySide Corporation. Right: "Tyresoles", the tyre retreading factory in the BaySide unit.

the right materials in the right quantities at the right place and that the job proceeds at the required speed.

Not infrequently even the most willing and conscientious contractor is held up for lack of materials, and the BaySide Service has set up a "materials bank" to obviate such handicaps. From its own stockpile it supplies to clients whatever is urgently needed but cannot be obtained on the market at a particular moment. The materials are lent (no money is accepted) and they must be returned when a Government allocation comes through. This facility alone has saved many an enterprise from loss by getting its premises ready for production on time.

Kibbutz Connection

Other P.E.C. investments in the Haifa area are Fertilizers & Chemicals, the Palestine Electric Corporation, the Aza Textile Co. and Kurdimach Ltd.

The P.E.C. is now negotiating the terms of a Government concession to operate the Kibbutz Harbour services. While this may involve duplication, there is no doubt that the P.E.C. could bring initiative, capital and know-how to the industrial and commercial development of the Kibbutz area.

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SHEMEN IS PIONEER OF HAIFA INDUSTRY

By a Special Correspondent

SHEMEN considers itself a pioneer of Haifa industry, and not without justification. For its forerunner, the Atid factory, was established back in 1904. Its manager was Mr. Shmuni, who, two years ago, was both with Shemen today, one of them being the soap-making expert. The original factory made soap and olive oil and employed about 50 or 60 workers.

There were trees in the yard and there was plenty of pioneering romance, but there was no road to Haifa. The market was limited and the factory not very efficient. The products competed more or less with those of the soap-makers of Nablus. Every year, there was a deficit and every year Mr. Shmuni, the owner, who had come from Russia, reported his disheartening fact to his father back home, who sent a cheque to bring them back out of the red.

Meanwhile the factory served as a sort of incubator. Immigrants came and worked at the factory for six months or so, until they decided where they wanted to settle permanently. Among these was Nahum Twersky, publisher and printer, one of the founders of the Zetzi Movement; Shlomo Lavin, the Knesset member from Haifa; Harod, Alter Drusman, one of the Bialik-Ravitsky set of Odessa writers, was the book-keeper for a while.

Then the war came and the factory closed down. As a final blow, the Turks took out one of the boilers and installed it in a Turkish bath in Damascus.

Vegetable Oil Process

Towards the end of the war a much more ambitious scheme was started by the Persitz family. Nahum Wilbushewitz, the Russian-Jewish chemist, had in the meantime made his important invention, which provided a new process for the hardening of vegetable oils and caused a revolution in the margarine industry. The new works were to be an enterprise of world-wide dimensions, and the founder picked Casarea as their location, with a view to making the little Crusader harbour into a free port. They hoped to import raw materials without duty, and to export their products. The machinery was ordered for the new factory in 1919, and was actually on the way by the time the League of Nations mandate was proclaimed over Palestine.

Then came the first setback — for political reasons the new British administration refused to establish a free zone at Casarea, "because it might antagonize the Arabs." This left only Haifa and Jaffa, both of them small Arab towns in those days, as the site for its original form was abandoned. It was decided to establish the main factory in Alexandria instead, and export from there.

but the pioneer impetus had disappeared. For almost a quarter of a century the machinery stood in its crates in a warehouse in Alexandria.

During World War II, when the British authorities were casting around for a means of supplying edible oil to the area, the old machinery was found, unpacked, and part of it was installed and operated in Alexandria to supply both the forces and the civilian population. After the war, when the immediate need had disappeared, the factory closed down again.

English Firm's Interest
However, some time after the arrival of Sir Herbert Samuel as first High Commissioner for Palestine, about a quarter of the machinery was brought to Haifa, and installed in what was the beginnings of the present Shemen plant.

The factory still did not do too well, and in 1928 it was acquired by the English firm of Basterov, who directed operations for the next 15 years. The chairman of the company was a Jew who took a very personal interest in the Palestine industry. He visited Haifa almost every year, and on one occasion wrote an impassioned complaint to the "Financial Times" that so one could expect any progress in this kind of the world if the Jews were to be excluded from leading in Trans-Jordan.

In 1945, the Boots chairman had died and the British company was advised to withdraw their financial interests from this country. They invited the Shemen management to find their own purchasers if they cared to do so, and as a result, the factory passed to a group, half the shares being held by Hamashbir, and the other half jointly by Talber Bros. and Yerushalmi. In due course both the private owners withdrew their investments, and the factory is now wholly owned by Hamashbir.

There are difficulties again today. Sometimes the allocation of foreign currency for raw materials is slow in coming. Israel's specialty, olive oil, is relatively expensive to produce, because picking costs more than in Spain or Italy. Further, the Arab picking methods of beating down the fruit with long sticks damaged the trees, so that they yield a good crop only every second year, and so completely satisfactory harvest has yet been found to this problem. Olive oil soap is no longer as fashionable or as highly prized as it used to be, and cheaper soaps are preferred.

Much of the old Shemen machinery is now totally obsolete and a large new benzine extraction plant has been built to replace the old oil presses. A good part of the factory has been turned over to the making of detergents, both solid and liquid, but one has the impression that the heart of Shemen is in house soap and oil, and not in these new-fangled washers. They are right, for one of their important assets

is an old and recognized trade name, and they would no more change the design of the familiar green and yellow olive oil tins that still read "The well-known brand from the Holy Land," than they would put in peanut oil instead. They continue to export to countries like 35 countries, and look forward to the next 50 years with a certain amount of confidence.

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Kaiser-Frazer to Make More Local Parts

STRICTLY speaking, the Kaiser-Frazer plant in Haifa is not a factory but an assembly line, and eminent economists attach considerable importance to this distinction. Only a factory that produces from raw material, they contend, can sell its goods abroad without fear of being displaced by foreign competitors. An assembly line, on the other hand, can be easily duplicated, for the work involved is mainly mechanical, and calls for no particular know-how. Motor-car manufacturers may cut down their freight expenses by assembling the machines in some intermediate country, and the existence of such a plant may also facilitate tripartite trade transactions and currency operations, but such circumstances are generally transitory and the profits entailed more or less speculative. As a result, there have often been predictions to the Kaiser-Frazer venture in Israel.

This prediction, however, has been belied by the steady development of the enterprise during the three years of its existence and by its continuing drive for expansion. The plant assembled 1,382 units in 1951; the figure fell to 1,725 in the following year, mainly because the Israel Treasury could not regularly allocate the dollars needed to purchase the "shocked-down" units. But in 1953 production rose to 2,300 units, and in the first five months of this year 1,568 vehicles were assembled, which works out to a yearly output well above 3,000.

Jeeps and Tenders

While in the first year the plant turned out only two types of passenger cars—the "Henry J" and the bigger "Kaiser"—at present it also assembles station wagons and jeeps, tenders and medium-weight trucks. The passenger cars are being modernized: new chassis-less models will soon be in production, and plans have been prepared for the assembly of command-cars and motor scooters.

In the course of time several improvements have been introduced in the assembly line, local workers have been trained, and their productivity has increased considerably. A second booth for spraying and dyeing, made entirely in Israel, has made it possible to increase output.

Of particular importance is the progressive substitution of locally-made spare parts and accessories for imported ones. The list of local materials and parts used in the vehicles built at Kaiser-Frazer is already impressive. It includes body-top parts, canvas for jeep body tops, seats (including springs and upholstery), tyres and tubes, paint, safety glass, petrol tanks, exhaust tubes and mufflers, truck batteries, rear and stop lights, wooden parts etc. According to the company's statement the dollar savings achieved by the use of local goods has been 11-18 per cent in passenger cars, 18 per cent in trucks, 22 per cent in tenders and station wagons and 23 per cent in jeeps. (An element of foreign currency is also involved in the local products, however, and it is not quite clear whether it has been fully accounted for in the above figures). For motor scooters, the figure will be even higher.

In some cases these Kaiser-Frazer purchases are already of considerable importance for the local factories: they will shortly include about 30 per cent of the sales of our tyre industry, for instance. They are also of "educational value" to our manufacturers, who can secure them only if they are able to compete with foreign standards and prices.

It is gratifying to learn that these substitutions are to be pushed still further in the near future. The company has ordered equipment which will enable it to produce radiators for various types of cars, trucks, and tractors, and it hopes to use local batteries of cheap material from German sources in all the vehicles it builds.

Negotiations about the use of Israel-produced jeep body tops and seats in American-built vehicles are in progress with the parent company, and the plant plans to order pieces of up to 600 tenders, as well as auxiliary machinery for the production of several mechanical parts. As a matter of fact, the parent company has agreed to raise the Israel subsidiary to the status of "producer" plant (previously only the subsidiary in France and in Italy).

Kaiser-Frazer has already become not only one of the biggest industrial plants in the country, but also the source of our third biggest export item (after citrus and diamonds). While domestic deliveries dropped from 30 per cent of total output in 1951 to 15 per cent in 1953 and to 15 in the first five months of 1954 (from 504 units to 375 and to 230), foreign sales rose from 18.5m. in 1951 to 25.5m. last year and reached 28m. in the first five months of 1954.

According to the company's figures, the breakdown of these exports is as follows: 10m. in 1953 Kaiser-Frazer goods made up almost a quarter of our total industrial exports (including diamonds) and they are likely to retain this position this year.



The "Aerial," new model to be assembled by Kaiser-Frazer of Israel in place of the "Henry J," now out of production.

year. What is more, the shortcomings of our export position are noticeable with particular clarity in their distribution. The goods are marketed almost entirely in clearing-agreements countries and on barter terms and concentrated in a few selected markets (actually they made up half of our total exports to Turkey last year), where prices appreciably above those in the hard currency countries can be obtained. To what extent these premiums are cancelled by the higher prices paid by Israel consumers for goods imported from those countries is difficult to ascertain, and even the exact calculation of the added value in foreign currency is open to many doubts and qualifications.

But as long as these exports are not based on regular and lasting price relations the chief disadvantage of this situation lies in its insecurity. The decline of car exports to Finland and France and the cessation of sales to Sweden and Iceland has

Country of destination	1951	1952	1953	1954*
Finland	1,300	1,300	1,300	1,300
Turkey	1,235	1,235	1,235	1,235
Sweden	685	685	685	685
Norway	284	284	284	284
Denmark	104	104	104	104
Other	4	4	4	4
Total	2,300	2,300	2,300	2,300

* First five months

'Naaman' Capacity Affected by Demand

By a Special Correspondent

THE President of the Manufacturers' Association has just recently stated that fully half of Israel's industrial capacity, and on the basis of one working shift only—is at present unexploited, and even the Minister of Commerce and Industry spoke in terms of 30 per cent. Such a situation calls for some of the most urgent measures of our economic policy; but it has a hopeful aspect, for, unlike many of our difficulties, this is clearly a question that something can be done about.

The Naaman factory is a good example of an under-utilized plant, perhaps typical for every industry is grappling with its own problems, but very instructive. It is not a new-fangled enterprise but a relative oldtimer, erected on the eve of World War II and in many aspects ideally adapted to local conditions. Its basic raw material is clay, found at a short distance from the factory and transported by means of a cable car; fire-clay, which at first stand the competition of the cheaper cement tiles and this can be hardly changed as long as the standard of our building remains at its present level.

The biggest and most up-to-date department is that of the chamotte bricks, which is equipped with two presses and five kilns and it can produce up to 10,000 units a day. They can stand temperatures of up to 1,600 degrees. Total domestic demand is estimated at about 5,000-6,000 tons a year, i.e. about one half of Naaman's capacity, and recent sales have been at about half that volume. Nevertheless about 2,000 tons of chamotte bricks have been imported from Germany by the Shilumim corporation, and most of these could be produced locally. Prospects of them for the future are somewhat brighter, for with industrial expansion the demand for chamotte tends to increase, and the metallurgical plants now being erected in the vicinity of Naaman are likely to be particularly important clients. But there are rumours that a special plant is being planned for the requirements by Solel-Boneh.

Oddly enough, it is the ceramic department, in which Naaman is at the same technical footing as several other local factories, which works most satisfactorily. It produces electric accessories acid-proof tiles and ware and household crockery, and it is about to increase its output and to lower costs by introducing a modern tunnel kiln and more mechanized presses. Trial shipments of electric ware have been made to Turkey and substantial orders were received, but it is doubtful whether export will be worth while at the official rate of exchange.

Although these price differences amount to only one to two per cent of the cost of a dwelling unit in the calculation of the building contractors, this is enough to tip the scale against Naaman products, particularly at a time when profit margins are going down. Moreover, few masons in this country are accustomed to working with burned bricks.

The result is that interior building materials are used in most houses, and Naaman accounts for only about five per cent of the national production

VESPA SCOOTERS TO BE ASSEMBLED HERE

Kaiser-Frazer of Israel has reached an agreement with the Italian Vespa company about the local establishment of an assembly line for the well-known model of "Vespa" motor scooter. Work on the line is expected to start this year already. Three types of motorcycles are to be produced—with a back seat, a side-car, and with a delivery van. The first type will be sold at approximately IL-500, including taxes.

given the Turkish market a paramount importance that is most dangerous. The coming years should bring a renewed effort on the part of the "Kaiser-Frazer" company to diversify its export outlets and to gain at least a foothold in countries with harder currencies and more liberal trade practices, however difficult this may prove in view of the tightening competition in the international motor vehicle market.

Country of destination	1951	1952	1953	1954*
Finland	1,300	1,300	1,300	1,300
Turkey	1,235	1,235	1,235	1,235
Sweden	685	685	685	685
Norway	284	284	284	284
Denmark	104	104	104	104
Other	4	4	4	4
Total	2,300	2,300	2,300	2,300

* First five months

Solel-Boneh's New 'Heavies'

Two Steel Plants to Form Self-Contained Unit

HEAVY mechanized equipment is being built in the two adjacent factories of "Solel-Boneh" in Haifa, the "Rolling Mills" and "Metal Tube Ltd.", both of which are subsidiaries of Solel-Boneh (the latter with private participation) along the way from Haifa to Acre. When completed, in another year or two, these plants are expected to become an almost self-contained metallurgical unit, capable of working off from one and of producing steel billets, round iron bars, angles, welded and seamless steel tubes and other semi-finished products. The country's annual requirements have been estimated at about 45,000 tons of rolled iron products, at least 10,000 tons of sheets and perhaps 50,000 tons of tubes and pipes.

The bulk of these materials is used directly in building, irrigation, water supply and other engineering works, but a part of the rolled iron products is further processed by our metal industry, which now includes about 200 factories that employ approximately 2,500 workers. The domestic demand fully warrants the establishment of local mills which would make it possible for us to import raw steel billets instead of semi-finished steel—or even to extract iron from local ore deposits.

Welded-Tube Mill

The welded tube mill is already working and puts out a considerable number of pipes of different sizes for irrigation purposes. The installations are up-to-date and production is almost completely automatic. The prices are competitive. The rolling mill, which has been making bars, angles and various profiles for several months, is operated manually, the steel is fed with tongs, and work is still in its trial period.

In the course of time, departments for producing drawn tubes will be added at the Middle East Tube plant, while the steel works will erect two Siemens-Martin open-hearth furnaces, each of 35-40 ton capacity, to supply the raw steel for the rolling

mill. At a later stage, the installation of a blast furnace largely producing pig iron is also envisaged. When the furnaces start work, the iron and steel scrap that is accumulating in this country will not have to be exported any longer.

For the smelter, one source of raw material will be the local residue of the extraction of sulphur from the "Pestilence and Chemicals." Another may be iron ore from local deposits, the nearest of which, of a type similar to the French Maitte, has been located in Upper Galilee.

Best Equipped

In their present incomplete state, the two plants are already among the largest and best-equipped in the country, with a capital investment running into several millions. According to an estimate published some time ago, the rolling mill was to cost IL-2m. and IL-2.5m. the steel furnaces IL-3m. and IL-1.5m. and the smelter IL-2m. and IL-1.5m. Total investment in the steel plant was accordingly put at IL-5m. and IL-5.5m. i.e. (at the current rate of exchange) at a grand total of about IL-15.5m. This figure, however, does not take into account, for example, the losses inevitably to be incurred during the initial period, which in the case of the rolling mill has been estimated at about IL-1m. for the first year.

As a matter of fact, the profitability of this rolling mill, which is an essential part of the total project, has been questioned recently. A memorandum prepared by the Economic Advisory Staff has pointed to some faults in the technical design of the plant and expressed doubts about its being able to earn its way and to save foreign currency. From this, some quarters have deduced an unqualified suggestion to close the plant and to forgo the whole project. As a matter of fact, the recommendation of the EAS are much more cautious. The actual cost position may be summarized in the following table:

	Per ton of products IL.
Average cost of raw metal at factory	188.3
Average operating cost	32.7
Depreciation and interest	38.4
Total average cost of product	359.4
Average price of imported products at warehouse	358.9
Excess of local costs	15.4

The cost of the raw material largely consists of the CIF price of the imported steel billets and therefore it cannot be reduced (the port charges and freight costs to the factory are rather high, but the price of imported steel products includes them too). We are thus left with the local costs of production alone and these would have to be cut by almost 28 per cent to meet the price of imported steel. Such a margin would be very difficult to swallow.

In the course of time, savings could be effected in wages and in fuel (labour now accounts for more than 40 per cent of total

operating costs, fuel and power for about 20 per cent) and the basis on which depreciation and interest are calculated, might be reduced somewhat, but this would never make both ends meet. Nor does this calculation make any provision for profits and for the writing off of initial losses. There seems no escape from the conclusion that locally produced steel rods and shapes will be somewhat dearer in Israel pounds than imported goods, as is the case with most industrial products. However, in this case, the price difference would be comparatively modest at approximately 5 per cent.

The results appear less advantageous when the dollar savings are calculated separately, as shown by the following table:

	Per ton of products IL.
Local products, average cost of raw metal	12.50
Cost of processing	9.5
Total cost of local products	22.0
Imported products, average cost	22.50
Difference between the costs of imported and local products	-0.5

This comparison shows that in dollars the local steel products are cheaper, on the average, by approximately \$2.5 per ton (less than three per cent of total foreign currency cost). But in order to achieve this saving the expenditure in local currency is higher by almost IL-20 per ton, i.e. by IL-5 for every dollar saved. However, here again some dollar elements of the cost of processing seem to be too high. The actual saving may be nearer to \$2.5 per ton and the local cost of each dollar saved to IL-5.

Automatic Devices Needed

What is more important, the expert consulted by the Economic Advisory Staff is of the opinion that the rolling mill plant might be made more economically advantageous by installing automatic feeding devices (i.e. reducing labour costs) and by producing the steel billets locally, which amounts to saying (contrary to the way the matter was brought before the public) that the plant should be economically evaluated only as a part of the whole steel project.

Whereby we can only hope that the steel furnaces (and the smelter) will themselves be able to produce at a comparatively economic level.

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FROM WHARF TO WAREHOUSE

SEND YOUR GOODS BY ISRAEL RAILWAYS

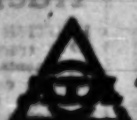
The Israel Railway accepts your goods in direct delivery from the ship and carries them to your Storehouse either by a private siding or by its combined "RAIL-ROAD" service. Transportation by rail affords considerable savings to importers and manufacturers.



COMPANY REPORT.

Sharon Winery Ltd.
FACTORY FOR THE
WINE & LIQUOR

Peterson Sells
Tractors Plus



THE PALESTINE ELECTRIC COMPANY
מפעל החשמל הפלסטיני

THE PALESTINE ELECTRIC COMPANY
מפעל החשמל הפלסטיני

DIRECTORS: J. M. GELI, Chairman; HANS MOELLER, Managing Director; J. ARAMOV, YOSEF AMI, ERNST KAHN, E. AKERSCHOTTER, JULIUS LEHMANN, PAUL SINGER.

Secretary: J. ARAMOV

Auditors: HATTH, GRUNERBAUM & Co. Public Accountants—Auditors

ATA Textile Company Limited and its Subsidiaries

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 1953

(in full IL.)		1953	1952
CURRENT ASSETS			
Stocks as certified by Management		4,450,000	4,450,000
Advances to Suppliers & Sundry Debtors:			
In Foreign Currency \$128,910		540,000	540,000
In Local Currency		300,000	300,000
Debtors in Foreign Currency less Discounts & Agents' Com.		200,000	200,000
Debtors in Local Currency		300,000	300,000
Securities		5,000	5,000
Cash in Hand and with Banks		90,000	90,000
		5,000,000	5,000,000
CURRENT LIABILITIES			
Bank Credits, Loans & Bills:			
In Foreign Currency \$48,304		370,000	370,000
In Local Currency		1,000,000	1,000,000
Commission Agents' Cash Deposits		100,000	100,000
Suppliers and Sundry Creditors:			
In Foreign Currency \$26,225		30,000	30,000
In Local Currency		400,000	400,000
Accrued Expenses:			
Taxes, Rates, Kupat Tagmulin & Wages		975,000	975,000
Provision for Taxation less Advances		475,000	475,000
Dividends proposed & additional interest on Debentures		50,000	50,000
		1,500,000	1,500,000
Working Capital		1,000,000	1,000,000
		5,000,000	5,000,000
FIXED ASSETS			
Land, Buildings, Plant & Equipment		1,000,000	1,000,000
Less Provision for Depreciation		1,000,000	1,000,000
Depreciation Equalization Account		1,000,000	1,000,000
		1,000,000	1,000,000
Advances Payments on Account of Investments		4,000,000	4,000,000
		5,000,000	5,000,000
AUTHORIZED CAPITAL			
Ordinary Shares		5,000,000	5,000,000
Preference Shares		50,000	50,000
Unclassified Shares		5,000,000	5,000,000
		10,050,000	10,050,000
CAPITAL AND RESERVES			
Ordinary Share Capital, issued & paid-up		5,000,000	5,000,000
Bonus Shares proposed by Directors		100,000	100,000
Preference Share Capital, issued & paid-up		50,000	50,000
Share Premium Reserve		500,000	500,000
General Reserve		100,000	100,000
Appreciation Reserve		100,000	100,000
Additional Depreciation Reserve		100,000	100,000
Surplus Value of Holdings in Subsidiaries		100,000	100,000
Profit carried forward		100,000	100,000
		5,000,000	5,000,000
Debentures		5,000,000	5,000,000
		10,050,000	10,050,000
Outside Shareholders' Interest in Subsidiaries		5,000,000	5,000,000
		15,050,000	15,050,000

On behalf of the Board of Directors:

J. ARAMOV

AUDITORS' REPORT:

We have audited the above Consolidated Balance Sheet of "ATA" Textile Company Limited and its subsidiaries and the Consolidated Profit and Loss Account attached thereto. The said Balance Sheet and Profit and Loss Account have been correctly compiled from the accounts of "ATA" Textile Company Limited and its subsidiaries for the year ending at that date, to the best of our knowledge and information received by us.

HATTH, GRUNERBAUM & CO. Public Accountants—Auditors

Consolidated Profit and Loss Account for the Year 1953

(in full IL.)		1953	1952
GROSS PROFIT AFTER DEPRECIATION			
ATA		770,000	770,000
Less Gross Div. rec. from Tata		45,000	45,000
		725,000	725,000
Kurdanah		200,000	200,000
Tata		60,000	60,000
		1,000,000	1,000,000
Less Gross Loss Makragoth		700	700
		1,000,000	1,000,000
PROFIT CARRIED FORWARD FROM 1952			
ATA		5,000	5,000
Kurdanah		500	500
Tata		500	500
		1,000	1,000
Less Makragoth		700	700
		1,000	1,000
PROPOSED ALLOCATIONS:			
To Tax Provision		100,000	100,000
ATA		100,000	100,000
Kurdanah		100,000	100,000
Tata		100,000	100,000
		300,000	300,000
To Additional Depreciation Reserve		100,000	100,000
ATA		100,000	100,000
Kurdanah		100,000	100,000
Tata		100,000	100,000
		300,000	300,000
To Capitalization		100,000	100,000
ATA		100,000	100,000
Kurdanah		100,000	100,000
Tata		100,000	100,000
		300,000	300,000
Less Makragoth		700	700
		1,000,000	1,000,000
Less Makragoth		700	700
		1,000,000	1,000,000
Kurdanah		1,000,000	1,000,000
Tata		1,000,000	1,000,000
		3,000,000	3,000,000
Dividends payable by ATA		1,000,000	1,000,000
		2,000,000	2,000,000
Less Makragoth		700	700
		2,000,000	2,000,000

ATA Textile Company Limited.

BALANCE SHEET AS AT DECEMBER 31, 1953

(in full IL.)		1953	1952
CURRENT ASSETS			
Stocks as certified by Management		4,450,000	4,450,000
Advances to Suppliers & Sundry Debtors:			
In Foreign Currency \$178,000		320,000	320,000
In Local Currency		300,000	300,000
Debtors in Foreign Currency less Discounts & Agents' Com.		200,000	200,000
Debtors in Local Currency		300,000	300,000
Securities		5,000	5,000
Cash in Hand and with Banks		90,000	90,000
		5,000,000	5,000,000
CURRENT LIABILITIES AND PROVISIONS			
Banks partly secured by charge on Stocks and Clients' Debtors:			
In Foreign Currency		300,000	300,000
In Local Currency		1,000,000	1,000,000
Commission Agents' Cash Deposits		100,000	100,000
Suppliers and Sundry Creditors:			
In Foreign Currency \$20,000		30,000	30,000
In Local Currency		400,000	400,000
Accrued Expenses:			
Taxes, Rates, Kupat Tagmulin & Wages		975,000	975,000
Current Accounts with Subsidiaries		200,000	200,000
Provision for Taxation less Advances		200,000	200,000
Dividends proposed and additional interest on Debentures		50,000	50,000
		1,500,000	1,500,000
Working Capital		1,000,000	1,000,000
		5,000,000	5,000,000
FIXED ASSETS			
Land and Dwellings		100,000	100,000
Depreciation		40,000	40,000
Factory Buildings		1,000,000	1,000,000
Depreciation		200,000	200,000
Plant and Equipment		1,000,000	1,000,000
Depreciation		200,000	200,000
		2,000,000	2,000,000
Advances Payments on acct. of Investments		2,000,000	2,000,000
Shares in Subsidiaries		500,000	500,000
		5,000,000	5,000,000
CAPITAL AND RESERVES			
Ordinary Shares "A" of IL 1 each		5,000,000	5,000,000
"B" of IL 1 each		500,000	500,000
Preference "C" of IL 1 each		50,000	50,000
Unclassified Shares		5,000,000	5,000,000
		10,050,000	10,050,000
General Reserve		100,000	100,000
Premium Reserve		500,000	500,000
Appreciation Reserve		1,000,000	1,000,000
Additional Depreciation Reserve		100,000	100,000
Bonus Shares proposed by Directors		100,000	100,000
Profit carried forward		100,000	100,000
		2,800,000	2,800,000
Debentures secured by charge on Fixed Assets		2,250,000	2,250,000
		5,050,000	5,050,000

The Company has signed a guarantee in favour of Kurdanah Textile Works Limited for IL 500,000.

On behalf of the Board of Directors:

J. ARAMOV

AUDITORS' REPORT:

We have audited the above Balance Sheet and the Profit and Loss Account annexed thereto, and have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit. In our opinion proper books of account have been kept by the Company so far as it appears from our examination thereof. The said Balance Sheet and Profit and Loss Account are in agreement with the books of account, and in our opinion, and to the best of our knowledge and belief, they give a true and fair view of the state of the Company's affairs at December 31, 1953, and of the results of its operations for the year ending at that date.

HATTH, GRUNERBAUM & CO. Public Accountants—Auditors

Profit and Loss Account for the Year 1953

(in full IL.)		1953	1952
Gross Profit on Manufacturing and Trading before Depreciation			
ATA		770,000	770,000
Less Gross Div. rec. from Tata		45,000	45,000
		725,000	725,000
Kurdanah		200,000	200,000
Tata		60,000	60,000
		1,000,000	1,000,000
Less Gross Loss Makragoth		700	700
		1,000,000	1,000,000
PROFIT CARRIED FORWARD FROM 1952			
ATA		5,000	5,000
Kurdanah		500	500
Tata		500	500
		1,000	1,000
Less Makragoth		700	700
		1,000	1,000
PROPOSED ALLOCATIONS:			
To Tax Provision		100,000	100,000
ATA		100,000	100,000
Kurdanah		100,000	100,000
Tata		100,000	100,000
		300,000	300,000
To Additional Depreciation Reserve		100,000	100,000
ATA		100,000	100,000
Kurdanah		100,000	100,000
Tata		100,000	100,000
		300,000	300,000
To Capitalization		100,000	100,000
ATA		100,000	100,000
Kurdanah		100,000	100,000
Tata		100,000	100,000
		300,000	300,000
Less Makragoth		700	700
		1,000,000	1,000,000
Less Makragoth		700	700
		1,000,000	1,000,000
Kurdanah		1,000,000	1,000,000
Tata		1,000,000	1,000,000
		3,000,000	3,000,000
Dividends payable by ATA		1,000,000	1,000,000
		2,000,000	2,000,000
Less Makragoth		700	700
		2,000,000	2,000,000

The accounts include the income of the company and the Corporation Loan which was repaid.

Notes under Section 107/5 of the Companies Ordinance: The profits for 1953 include Profits of Subsidiary Companies received as Dividends.

On behalf of the Board of Directors:

J. ARAMOV

Directors' Report for The Year 1953

Our report for the year 1953 is based, unless otherwise stated, on consolidated figures of ATA and its subsidiaries, Kurdanah, Tata and Makragoth. The grouping of figures in our Balance Sheet, particularly in our Consolidated Balance Sheet, is somewhat different from previous years and therefore the comparative figures for the year 1952 were adjusted accordingly.

Output & Turnover

Spinning		Weaving		Tailoring	
Year	Production (kg.)	Year	Production (kg.)	Year	Production (kg.)
1953	1,004,500	1953	1,004,500	1953	1,004,500
1952	1,155,441	1952	1,155,441	1952	1,155,441
1951	1,266,593	1951	1,266,593	1951	1,266,593

Total Net Sales

Year	1953	1952	1951
Net Sales	2,840,390	2,840,390	2,840,390
	2,840,390	2,840,390	2,840,390
	2,840,390	2,840,390	2,840,390

Manpower

Total number of employees (including Kurdanah)			
Year	1953	1952	1951
Total	1,128	1,128	1,128
	1,128	1,128	1,128
	1,128	1,128	1,128

Working Hours (exclusive of Administrative Staff)			
Year	1953	1952	1951
Total Hours	2,000,000	2,000,000	2,000,000
	2,000,000	2,000,000	2,000,000
	2,000,000	2,000,000	2,000,000

P.M.H. (Production per Man-hour)

Weighted Average			
Year	1953	1952	

ATA TEXTILE COMPANY LTD.

Directors' Report for the Year 1953

(Continued from page 10)

Money Requirements

The additional funds required during the year 1953 amounted to £10,100,000 made up as follows:

The effect of the change in the rates of exchange from £1 to £1.1500 per £1 increased the corresponding figures in the cost of our stocks both imported material and added value. £1,121,000

The imposition of Luxury and Purchase Tax on fabrics leaving the factory instead of ready made goods when sold. £1,181,000

Larger production and export which led to an increase of the physical volume of stocks by 34% and to an increase of stock holdings. £1,007,000

The capital expenditure in implementation of our programme of expansion and expansion. £1,718,000

These requirements were covered by:

Additional credits and loans. £1,078,000

Capital raised by the issue of shares and debentures. £1,078,000

As partial capitalisation of the Appreciation Reserve. £1,078,000

Accumulated depreciation and undistributed profits. £1,078,000

The increase of sundry creditors, accrued expenses, agents' deposits, etc. £1,078,000

Shares and Debentures

During the year £1,000,000 new Ordinary Shares "C" of £1 were issued —

As Bonus Shares, according to a resolution taken by the 20th Annual General Meeting. 100,000

As partial capitalisation of the Appreciation Reserve. 207,601

By way of conversion of Debentures. 207,601

£1,000,000

£1,121,000 Ordinary Shares "B" and — at a premium of 30% —

£1,121,000 Preference Shares "B" and £1,121,000 Preference Shares "C"

As amount of £1,450,000 was realised from an issue of Debentures, which was effected during the year, of which £1,380,917 were

as stated above converted into Ordinary Shares at a premium of 30%, £1,121,000 were surrendered as a payment on account of the

conversion premium and the amount outstanding at the end of the year was therefore £1,177,980. The balance of the issue bringing the total up to £1,000,000 was sold early in 1954.

Details of the consolidated figures relating to capital raised during the year are the following:

	Ata	Kurdaneh	Total
Ordinary Shares	207,601	138,498	346,099
Debentures (Balance)	177,980	—	177,980
Preference	207,601	20,100	227,701
	593,182	158,598	751,780

Early in 1954 Kurdaneh issued £1,000,000 Debentures which yielded net £1,077,980.

Subsidiaries

Our holdings in Kurdaneh, including that of our wholly owned subsidiary Kordaneh, were increased by £1,121,000 to £1,000,000. This increase includes £1,000,000 Bonus Shares issued by way of a partial capitalisation of the Kurdaneh Appreciation Reserve. Our holdings in Kordaneh and Tota remain unchanged.

Commission Agents

Commission agents continued to invest, with our consent, part of their old and new deposits in shares and debentures. The amount invested together with the balance of the cash deposits shown in the Balance Sheet aggregated £1,000,000.

Profits and Taxation

The taxes on the Company and its subsidiaries in respect of 1953, including of course Income Tax, deducted by us on account of the Treasury, were as follows:

	£
Income Tax	11,544
Levy instead of Company Loan and other	61,000
Property Taxes	11,544
Luxury, Purchase and other indirect taxes	11,544
Unclaimed Dividends	11,544
Net Profit	11,544

£1,121,000

Against this the net dividends that the shareholders in our companies will receive amount to £1,000,000 including £1,000,000 which will be paid in the form of shares.

Depreciation

So far our endeavours to achieve the exemption from Income Tax of allowances to Depreciation Reserve have not been successful. The depreciation of the year 1953, which was £1,121,000, was not claimed and will only be accepted and thereby enable us adequately to preserve the economic value of the undertaking. In the meantime we have allocated an extra amount of £1,000,000 in Depreciation.

Development of Business

Development of business in 1954 is satisfactory in respect both of turnover and current profits. The volume of our local sales has been maintained notwithstanding generally reduced purchasing power. Turnover was increased by the larger share of higher quality goods. The trend of expanding exports continued although hampered temporarily, we hope, by the unexpected withholding of import licences in Turkey. As against this, export to other important markets, like Australia, developed beyond expectation. Generally, export to free currency countries shows signs of expanding more than that to clearing countries. For the first time India's exports were exported, mainly to Switzerland, Holland and Norway.

Allocation of Profits

Profits, after depreciation and the allocation of £1,000,000 to Additional Depreciation Reserve and including dividends received from Kordaneh and Tota, £1,000,000 brought forward from 1953, amount to:

	£
Tax Provision	11,544
General Reserve	11,544
Capitalisation by the issue of Bonus Shares	11,544
Capitalisation by the issue of Bonus Shares and	11,544
the 10% Preference Shares	11,544
Cash Dividend, 4% Gross Net Income Tax	11,544
Profit carried forward	11,544

£1,000,000

Hans Moller, General Manager

J. Abramov, Secretary

Ata, June 20, 1954.

ATA TEXTILE COMPANY LIMITED

NOTICE IS HEREBY GIVEN THAT THE 21st ORDINARY GENERAL MEETING

of the above named Company will be held at the Company's registered office at 10, Aba Street, Jerusalem, on

THURSDAY, JULY 22, 1954, at 10.30 A.M.

AGENDA

- To receive and consider the Balance Sheet together with the Directors' and Auditors' reports for the year 1953.
 - To sanction the dividend proposed by the Directors for the year 1953 at the rate of 4% in cash; and to sanction the grant of 10% Bonus Shares to the holders of Ordinary Shares and 10% Bonus Shares to the holders of Preference Shares in the Company.
 - To elect Directors and the Secretary of the Company, and to determine their fees.
 - To appoint the Auditors and to fix their remuneration.
 - To transact any business which may come before the meeting.
- The Register of Members of the Company will be closed from July 15, 1954, up to July 21, 1954, both dates inclusive.
- Dated this 1st July 1954.

KURDANEH TEXTILE WORKS LIMITED

BALANCE SHEET AS AT DECEMBER 31, 1953

(In £)

1953

CURRENT ASSETS

Stocks, as certified by Management

Materials

Work in Progress

Advances to Suppliers and sundry Debtors

In foreign currency

In local currency

Cash

1952

CURRENT LIABILITIES

Bank Overdraft

Fixed Term Loans, guaranteed by "Ata"

Suppliers and sundry Creditors

Accrued Expenses: (Taxes, Rates & Wages)

Provision for Taxation

Dividends proposed by Directors

Working Capital

FIXED ASSETS

Land (Lease), Roads & Yards

Depreciation

Factory Buildings

Plant and Equipment

Depreciation

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WATERFRONT

By Ezra Glick

THE old ship has returned

the last of her cargo and

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Retailers Manufacture Own Pharmaceuticals

AFTER visiting the "Taro" Pharmaceutical Industries in the Bay area, you come away convinced that the gleaming brand-new plant and its skilled operators are equipped to deal quickly and effectively not only with most of Israel's headaches, or any other aches, but also to bring relief to sufferers beyond our borders.

The Taro Works is a unique enterprise, unlike any other pharmaceutical industry. It was set up by its projected customers, the pharmacists themselves. Taro's growth is explained by its executives as follows: The pharmacists — the apothecary's back of standards, which regulates the composition, and defines the conditions of purity, methods of analysis, etc. of drugs and compounds of drugs — this many compounds, tinctures and other medical preparations which make up the stock-in-trade of every well-equipped dispensing pharmacist for use in compounding doctors' prescriptions. Quite a number are needed in quantities so small that the standard manufacturers do not make them, for their production is entirely unprofitable.

But doctors continue to prescribe these preparations for patients whose ailments defy the necessarily commercial considerations of drug manufacture, and pharmacists have a hard time obtaining the items from abroad.

Collective Capital

Taro is the solution to this crucial problem. No matter how unprofitable the production of a certain medicine, if the pharmacists need it to fill a prescription, Taro will make it. For it is its raison d'être. Of Israel's 300 druggists, about 200 hold Taro shares, some owning more than IL1,000 worth. About 30 doctors and pharmacists in the U.S.A. provided the dollars for the first-rate up-to-date equipment. The same men, in Israel and U.S.A., have also sponsored a Pharmaceutical Faculty at the Hebrew University. The total capital so far invested in Taro amounts to more than IL500,000, of which about half calculated at the rate of IL—IL1,500, has been provided in dollars by the American group.

However, as Taro cannot live on the public-spirited, unprofitable production of medicines in small quantities, its output also includes the bread-and-butter lines of pharmaceutical manufacture: standard medicines against such common complaints as headaches, insomnia, indigestion and the like. As a new firm in the field, Taro may also well serve as control on the present pricing policy of the industry. Pharmaceutical products have long been subject to Government price-fixing, dating back to mandatory days. There are instances of long-established price levels that have been maintained and advanced on the basis of across-the-board percentage increases without undergoing adjustment to fluctuating world chemical prices. By basing prices on current costs, Taro is expected to bring down some overpriced items.

A licensing agreement with the British-Dutch (and Jewish)

firm of Dr. E. Siltan entitled Taro to produce what is regarded as one of the most effective drugs against bronchial asthma. This year, seven new patent drugs are to be put on the market under a similar agreement with Wyeth Laboratories Inc., an American concern, which has also allowed the Israel products to be exported to five other countries in the Middle East and in Europe.

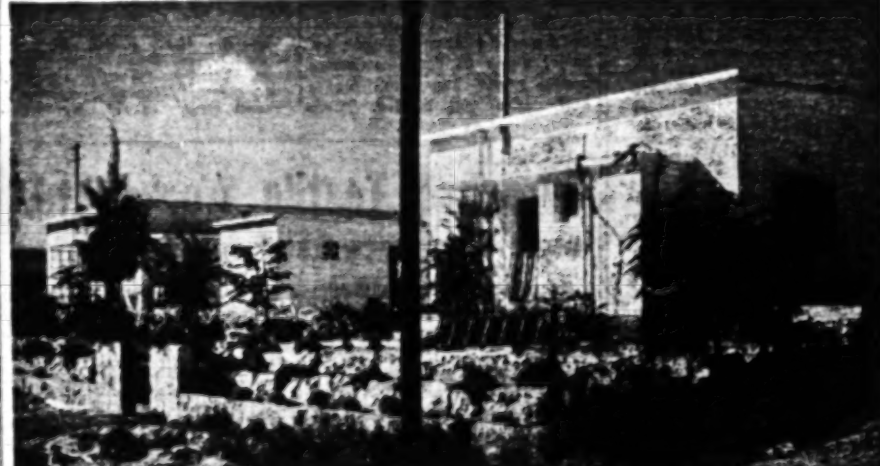
Taro's executives have set their sights on two more targets. One is the manufacture of raw materials for our entire pharmaceutical industry, and perhaps even for export. The other is the production of veterinary drugs, among which the most promising is a new type of vitamin additive for poultry feed. Developed in the U.S.A. two years ago, it supplies Vitamin A, combined with minerals and antibiotics, in a form that is safe from toxic deterioration, and boosts egg production. This is just what the chicken doctor ordered, what the consumer wants, and what the Foreign Exchange Controller looks forward to.

Local Ingredients

Half of Taro's raw material output is expended for locally-made alcohol. Another important local ingredient for pharmaceuticals is medical plants. By virtue of its soil and climate Israel could grow a variety of useful herbs, if interests were stronger and wages less prohibitive.

Taro is closing several gaps in Israel's pharmaceutical production. If its executives are efficient and its chemists inventive, it should soon be able to turn the foreign exchange for the raw materials it has to import.

Rassco Builds Comfortable Garden Suburbs



BUILT with knowledge and understanding Kiryat Bialik, in the Haifa Bay area, is a real garden town. It was begun in 1947 by Rassco, as were recent additions. There are now 1,000 families in the suburb.

In its "Shikun Amami," 56 units of 2½-roomed flats and 70 of the 2-roomed are already completed. These flats range in price from IL5,300 to IL5,700. Immigrant housing is financed partly by the Government and the Jewish Agency, with an additional loan from Rassco. A two-roomed flat is worth IL3,300. The flats need not necessarily be bought — they can also be rented.

Since 1948, Rassco has also done most of the construction

work in Kiryat Motzkin. Work had actually started during the War of Liberation. Dwellings for 800 families have been completed and Rassco is now starting work on 90 units of immigrant housing, while 48 units of Shikun Amami are almost completed.

Both Kiryat Bialik and Kiryat Motzkin were the first to receive centralized sewerage and public utilities through the organized planning by Rassco, and all the company's housing has been built on Keren Kayemet land. Workshops, shops, public buildings, kindergartens and a school have also been built in Kiryat Motzkin by Rassco and were jointly financed with public funds.

Rassco has played a major part in the upbuilding of all the

RELAXING AT GAV YAM



Beach showers are a feature at popular Gav Yam, near to new housing projects.

Blue Smoke in Kfar Ata

Jerusalem Post Reporter

EVEN the blindfolded visitor can tell that the De Haas Bros. Ltd. factory in Kfar Ata makes cigars. For the 26 workers, most of whom are girls, the smell means immunization against influenza, which no cigar worker ever gets. The factory was established in 1953, and in 1951 it also started the production of locally grown pipe tobacco. It is the only plant in Israel making this product.

Monthly production now totals 75,000 cigars and cigarettes made with U.S. and Cuban tobacco, and 600 kg. of pipe tobacco. The cigars are also exported to Cyprus, and a trial shipment of 10,000 has been sent to South Africa, where it was sold within a fortnight, and new orders have already come in.

Labour accounts for about 15 per cent of the price of cigars, as practically all of the work is still done by hand all over the world except in the U.S.A. The girls need a year's training before they become skilled in cigar production, and they work on a piece rate, earning from IL3 to IL7 daily. In pipe tobacco, wages make up only five or six per cent of the price.

The factory's great problem is the strong competition from imported pipe tobacco of higher quality, on which duties are hardly more than the 40 per cent of the retail price that is paid on domestic tobacco. In order to remedy this, the owners are now negotiating with the Government for the imposition of a higher protective tariff.

Margarine and Mayonnaise From Telma Alchemy

IF you lose your way in Haifa, take a drive along a sand-swept road by the Kishon that seems to lead straight into the sea, you may come to a sign that reads Telma Ltd., with an arrow pointing into nowhere.

Drive over a little rise in the ground, and presently you will come to a pleasantly designed one-story building set in a well-kept garden that looks at first sight like a small conventional home. Just beyond it the shadow of a large building is going up. It provides space enough for all expansion that can reasonably be expected.

The small building is the Telma factory, and the large one in the rear the new Blue-head building. The garden, and the fringe of trees round it, have been planted well ahead of time to bind the loose sand and protect the machinery in the future.

Tie with Shimen

For the time being, Bluehead margarine is still being made at the old plant, which was originally built as part of the Shimen factory; it was Shimen which first received permission to make the well-known Bluehead margarine here, partly in recognition of the valuable oil-hardening process developed by Nahum Wilkowitz, who was connected with Shimen. Now the margarine department, the Telma food products and certain soap have been acquired by Shimen Ltd., a holding company which holds the rights to produce Knight's Castle soap, another English brand name in Israel.

Margarine production is low at the moment, owing to the distribution of butter from America, surplus stocks, and part of each week the factory uses its machinery to pack butter imported in bulk. This is unpopular work at the factory, for only a small part of its machinery is employed then, problems of kashrut arise, and the personnel probably also believes, quite plainly, that a cow that can make butter from a bundle of hay is unfair competition for their elaborate equipment.

Out in the new factory there is a youthful and spirited atmosphere. A young food chemist from England shows off his elaborate hydrolyzing retorts with obvious pride and pleasure. The product is a protein soup extract made from peanuts. This is not yet in the shops, but hotels, kibbutzim and factory canteens have been using it experimentally. Users say that in taste it is something like the obvious sauce that is popular in the United States, particularly with Chinese foods.

The main section is devoted to the mayonnaise products. Before it or not, the process starts off with a stout middle-aged woman breaking a barrel full of eggs one by one into a large vat. It was the egg season, and most of the eggs were cracked. Some of the time they use egg powder. The eggs go into the mixer and the oil is dripped in slowly by a specialist. It is run automatically into the little jars, and all the attendants need do is wipe round the edges and put on the lids.

Jars Sterilized

Empty jars returned by the retailers go through a ten-metre washing and sterilizing plant. About 90 per cent of the jars are returned by the public, but life would be more pleasant for the girls operating the sterilizer if the jars were sent back washed instead of dirty.

One other product made on the premises is dried pea-soup, prepared mainly from locally grown fresh peas. They go into a pressure cooker that would easily hold the average housewife, and are then dried, ground, mixed with other ingredients and packed. The chemist says that he is a great believer in peas as a foodstuff, has worked on processing them for five years, but so long ago ate them himself. The scent of pea-soup that pervades this part of the building is unforgettable. L.P.D.



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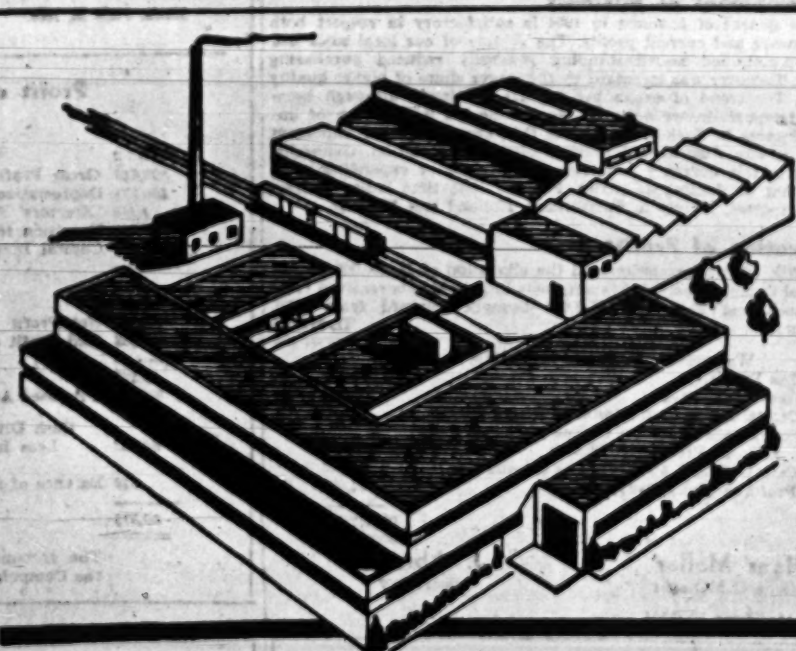


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